

FINANCIALTIMES

EUROPE'S BUSINESS NEWSPAPER

Wednesday December 4 1985



World news

Row over **UK** inner takes city report \$1.15bn by church

UK Government leaders attacked a Church of England report on the state of Britain's inner cities as being "muddle-headed" and reflecting Labour Party policy. The Lib-eral and Labour parties, the Trades Union Congress and the Confedera-tion of British Industry welcomed it as a contribution to the debate on

Dr Robert Runcie, the Archbishop of Canterbury, urged that the re-port should not become a "political or ecclesiastical football" and attacked the campaign against it be-fore its official publication. He strongly denied suggestions by a minister that the report - which criticises government housing and

employment policies – was Marxist. The document is also critical of the Church of England's record on the inner cities and calls for re-forms within the church. Page 18

Bhopal settlement

Union Carbide's Indian subsidiary settled claims by workers who lost their jobs after the leak of poison gas in Bhopal that killed more than 2,000 people. The 627 workers will receive a total of \$1.8m for compensation, wages and gratuities due to them since the pesticides factory was closed. Page 18

Aquino to stand

Corazon Aquino, widow of mur-dered Philippine opposition leader Benigno Aquino, said she would stand against President Ferdinand Marcos in elections set for February 7. Marcos retired or gave new 2 assignments to about 50 senior offi- Zurich at \$323.05. In New York the armed forces to make them more \$326.70. Page 30 effective in anti-insurgency campaigns. Page 4

Minister appointed

General Heinz Kessler was ap-Monday pointed East Germany's new De-Page 18

New Caledonia blast

A bomb destroyed Noumea's court down at DM 3.2bn (\$1.28bn). building in the French Pacific territory of New Caledonia. The bomb exploded shortly before the French National Assembly in Paris passed a bill granting amnesty for certain crimes committed in the territory.

Jaruzelski in Paris

The surprise visit to Paris of Polish leader Gen Wojiech Jaruzelski provoked a storm of protests from the pro-Socialist CFDT trade union confederation and right-wing opposition parties. Page 2

Cuban loses job

Ramiro Valdes, who has run internal security for much of Presiden Fidel Castro's rule, was dismissed as Interior Minister. He remains Vice President.

Fuel convoy attacked Afghan guerrillas destroyed 15

tankers en route from the Soviet Union to Kabul in the second attack on a fuel convoy, Western diplomats

Tamils kill five

Five soldiers were killed and three wounded when Tamil separatist guerrillas exploded a landmine un-der their vehicle in Sri Lanka's eastern Trincomalee district.

US plans Berlin TV

The US plans to set up a television station in Berlin with West German help. It will beam programmes to

East Germany.

Jsraeli raid Israeli troops killed five Palestinian guerrillas in the Hasbaya area of south Lebanon.

Business summary

No. 29,796

Sohio charge

SOHIO, British Petroleum's majority-owned US subsidiary, is taking a \$1.15bn after-tax charge which will primarily cover the cost of restructuring its loss-making mining operations. Page 18

REMY MARTIN, French cognac group, has acquired a 67.5 per cent controlling stake in Charles Heidsieck champagne company for FFr 295m (\$38.4m). Page 19

WALL STREET: The Dow Jones industrial average closed up 1.15 at 1,459.06. Page 38

LONDON: Stocks were sparked by takeover bids in the electricals sector. The FT Ordinary share index added 3.9 to 1,128.3 while the FT-SE 100 ended 2.9 lower at 1,415.6.

TOKYO: Prices continued to edge down. The Nikkei average shed 22.37 to 12,774.55, Page 36

DOLLAR was firmer in London, ris-DOLLAR was firmer in London, rising to DM 2-5335 (DM 2-521), SFr 2.112 (SFr 2.1035), FFr 7.725 (FFr 7.8875) and Y204.8 (Y204.05). On Bank of England figures, the dollar's exchange rate index rose from 126.8 to 127.4. Page 31

STERLING lost 80 points against the dollar in London to finish at \$1,4795. It was also weaker at DM 3.7475 (DM 3.75), SFr 3.125 (SFr 3.13), FFr 11.43 (FFr 11.435) and Y303.0 (Y303.5). The pound's exchange rate index was unchanged

GOLD rose \$3.00 an ounce on the London bullion market to close at \$322.75 and was 80 cents higher in cers in a reorganisation of the Comex February settlement was

> CABLE AND WIRELESS: Share issue has been fully underwritten at 587p a share, 5 per cent below the UK telecommunications group's Monday closing price of 618p.

eral Heinz Hoffmann who died on PREUSSAG, West German diversi fied industrial concern, reported profits slightly lower in the first nine months on consolidated domestic group turnover 8.9 per cent

> DEERE, leading US farm equip ment maker, blamed the depres world agriculture sector for a profits fall to \$30.5m for the year to October against \$104.9m in 1983-84.

> SWEDEN is to redeem the \$750m perpetual floating rate note arranged in the Euromarkets last

> year because it regards the issue as too expensive. Page 19 CHINESE leader Deng Xiaoping warned Japan that economic con-

tacts would become impossible if

trade between the two countries was not balanced. Page 4 UNILEVER, the UK part of the Anglo-Dutch consumer group, is to appoint Michael Angus chairman

on the retirement of Sir Kenneth Durham. Page 6; Men and Matters,

WELLA, West Germany hair care group, raised pre-tax profits 10.3 per cent to DM 103.7m (\$41.5m) in the first nine months. Page 29

COMAU Productivity Systems, a subsidiary of Italian Fiat group, said it entered an operating agreement with Chevrolet-Pontiac-Canada group of General Motors for "future manufacturing operations."
GM has acquired a 20 per cent equity stake in Comau from Fiat.

SOCIÉTÉ GÉNÉRALE, Belgium's largest industrial and financial holding company, has signed a cooperation agreement with Japan's Sumitomo. Page 19.

tious monetary policy, which had of Y200 to the dollar constituted a yields had been going down "exces-brought interest rates down a little, psychological barrier in the mar-albeit slowly. But he felt it would be kets, he conceded that such barriers Short-term rates would continue to CBS, US television network, sold its Holt General Book trade publishing unit to Verlagshaus Georg von Holtzbrinck, Stuttgart-based pubdifficult for the Fed to cut its dis- did exist, citing the case of DM 2.50 be fine tuned to protect the yen's count rate in the near future unless to the dollar.

GEC floats merger worth £1.16bn in overture to Plessey

BY GUY DE JONQUIÈRES AND LIONEL BARBER IN LONDON

BRITAIN'S General Electric Company (GEC) yesterday made a sur-prise £1.16bn (\$1.72bn) bid apprise £1.16bn (\$1.72bn) bid approach to Plessey. GEC said the proposed merger was intended to create a British electronics group able to compete more effectively in world markets.

The approach coincided with the announcement of a 13 per cent fall in GECs pre-tax profits to £289m for the six months to September 30 from £332m a year previously. Turnover also fell to £2.78bn from

Plessey, which was clearly surprised by GEC's move, said it would be discussed at a special board meeting today. There were strong indications last night that senior Plessey executives wanted the com-pany to remain independent and were prepared to fight the

GEC said it had asked Plessey to discuss the advantages of the proposed merger and "the conditions which might be associated with an offer by GEC valued at 160p per share."

GEC did not specify exact terms for its offer, but Lord Weinstock, its managing director, told a press consequence of the produced net income or the proceeding six months.

Plessey's share price rose 38p on the London Stock Exchange yesterday to close at 174p. Despite its lower profits, GEC share price closed at 186p, up 12p on the day.

GEC is Britain's largest electrical and electronics company, with sales

ANNUAL SALES (\$bn)

cannot agree terms and conditions, we will have to decide what terms and conditions to impose."

Source: FT 500 or last published accounts

He said the 160p per share offer was "a serious number" and that GEC's move was not opportunistic. GEC's cash mountain stood at £1.37bn at the end of September

last year of almost £6bn, while Plessey's turnover totalled £1.42bn. Both companies are big suppliers of equipment to the UK Defence Ministry and to British Telecom.

Plessey's pre-tax profits in the six months to September 27 fell 13 per cent from a year previously. The de-cline was due chiefly to poorer performance in telec which accounts for more than half Plessey's business.

Yesterday's announcement GEC marks the formal start of an offer period under the City of London Takeover Code. This requires all dealings in Plessey shares by GEC and its merchant bank adviser, S. G. Warburg, to be reported to the London Stock Exchange.

GEC, however, will not be tied to any fixed timetable for sending out an offer document unless it commits itself to making a formal bid. Mr James Prior, chairman of GEC, a Conservative MP and a former Cabinet Minister, said the company had told the Government on Monday that it planned to make an

Editorial comment; feature, Page 16; Lex, Page 18; GEC results and

Continued on Page 18

Botha lifts emergency rule in eight districts

BY JIM JONES IN JOHANNESBURG

can President, last night lifted emergency rule in eight of the 38 magisterial districts affected. He said the "revolutionary climate" in the country's black townships was

In almost two years of unrest, more than 935 lives have been lost in township violence. In July this year, the authorities imposed a state of emergency in some of the most affected areas, giving the security forces wide-ranging pow-

aid: "Elements that are ideologicaly opposed to orderly reform, and hat went out of their way this year to drive communities in South Africa towards a violent confrontation with each other, are being defeat-

The banned African National

BY JUREK MARTIN IN TOKYO

THE industrialised world is now

embarked on an experiment to-

wards a managed floating-rate sys-

tem" of currency values, according to Mr Satoshi Sumita, the governor

The Group of Five (G 5) meeting of finance ministers in New York on

September 22 had espoused eco-

nomic fundamentals. It had even

specified "policy programmes" for participating nations, including an

expansion of domestic demand for

Japan and West Germany, he said.

Although Mr Sumita praised the

new US recognition of the need for co-ordinated intervention in the

to its side of the compact by reduc-

ing its fiscal deficit.

Administration for failing to live up ing policies.

currency markets, he obliquely cri-ticised President Ronald Reagan's yen and thus run counter to exist-

serve was pursuing a correct, cau- tablish its strength. Asked if a value

of the Bank of Japan.

MR P. W. BOTHA, the South Afri- Congress (ANC) has vowed to make . Tens of thousands of mourners the country's black townships "un-governable." The ANC said last ern countries, packed Mamelodi weekend that the recent spate of soccer stadium near Pretoria for landmine explosions on the coun- the funeral of 12 blacks killed by setry's northern border and a rocket curity forces during an anti-governattack on an oil-from-coal plant ment protest march last month. were part of the escalation of their

guerrilla campaign. most violent incidents in the coun-Five towns affected by Mr Bot- try since the state of emergency ha's move are in the Eastern Cape, was imposed. A two-month-old baby where black boycotts of white busi- and an elderly man were among the nesses are being lifted. The end to victims when a protest march at the boycotts, which have hit whiteowned shops, followed negotiations between black and white community leaders and led to the withdrawal of soldiers from black townships and the release of several prominent local black leaders.

Earlier in the day the authorities usually surround the funerals of the

Japanese bank chief foresees

'managed floating' currencies

other developments, presumably on the fiscal side, permitted.

In any event, the G5 goals could

not be sustained forever by relying

only on intervention in the markets.

Economic policies, as well as inter-

vention, also required alignment.
"We are," he said, "just one step
closer to the situation where the

yen rate stabilises autonomously."

In a wide-ranging speech in To-

kyo, and in answering questions,

the Japanese central bank governor

promised that Japanese monetary

to have an eye" on the exchange rate. Cutting the domestic discount

He thought the US Federal Re- for the yen but merely wanted to es- gued, however, that this was a nec

licy would continue "very much

The Mamelodi funeral was at

tended by diplomats from Britain, the Netherlands, the US, West Germany, Canada, Belgium, France, Italy and Sweden. They drove in a convoy from Pretoria to the funeral.

The deaths or

Continued on Page 18 Survey spotlights apartheid,

Equally, he agreed that an excessive capital outflow could weaken

the Japanese currency. But if this

drain was roughly balanced by the current account surplus, "it be-

comes a more natural transfer of

of weakness. The ven has in fact appreciated in the last two months in

spite of continuing capital outflow of about \$7bn in October and

seem that higher interest rates in

Japan, which have contributed to

narrower differentials with the US.

had made much impact on the Japa

The central bank's policies had,

he said, administered "a Sumita

nese capital outflow.

Mr Sumita repeated that the shock" to the domestic bond mar-

Bank of Japan had no "target zone" kets, short and long-term. He ar-

most violent incidents in the coun-

Singapore exchange to reopen tomorrow

By Chris Sherwell in Singapore

SINGAPORES stock market where trading has been suspended this week because of threatened defaults by local broking firms, will reopen tomorrow after a Govern-ment-inspired accord which ensures that obligations will be honoured and promises to reform the

ing banks and foreign interests to participate more directly in the

pore market, is also expected to re-start tomorrow, although it was not clear whether it would continue with the type of forward transac-tions which lie behind the present

Under yesterday's accord. Singa-pore trading will resume on an im-mediate delivery basis only. One-month or "settlement" trading remains suspended indefinitely and the controversial forward transac-tions - of three, six and 12 months' duration - have been forbidden altogether.

Singapore suspended dealings last weekend after Pan-Electric Industries, a local marine salvage, hotel and property group, was placed in receivership. The company was committed to share purchases it could not meet, threatening certain local brokers with beavy losses and trouble for the market as a whole. The S\$180m standby credit will

be used to ensure that obligations d for any b facing insolvency. Precisely how many of Singapore's 24 domestic stockbrokers are at risk is not known. Officials also decline to reveal the total amount of forward share transactions outstanding.

The proposed reforms include changes in exchange rules to allow banks and other outside interests to take an unspecified equity stake in local broking firms. The Government will also introduce radical changes to the Securities Industry Act, probably by early next year. Brokers agree to toe line, Page 21

break the logiam at the EEC summit in Luxembourg seeking to finalise a package of Community

The agreement unveiled last night includes a S\$180m (\$84.2m) standby credit supplied to the exchange by the country's big four local banks and rule changes allow-

Details were given at a rare press conference convened by the pow-erful Monetary Authority of Singapore, the island state's equivalent of a central bank. According to the six monetary authority officials present, together with the five members of the stock exchange's executive committee and five senior local bankers, the accord was designed to instil bank and investor confidence in Singapore's broking industry.

Trading on the neighbouring
Malaysian exchange in Kuala Lumpur, which is linked to the Singa-

operation between member-states. The EMS was created by an inter-

to be published later this week, and the company's directors have begun a tour of large European institution-

believed to be involved in the financing, four are thought to be named in the prospectus as having

EEC leaders break logjam over EMS

BY QUENTIN PEEL IN LUXEMBOURG

BRITAIN and West Germany yes- governmental agreement putting it terday agreed to bring monetary affairs within the scope of the Treaty of Rome, in a move which could institutions

The surprise agreement was reached as the 12 EEC leaders, including Spain and Portugal, were struggling with the fine detail of planned amendments to the founding treaty, intended to stream-

revitalise Community It marks a climbdown in principle by both Mrs Margaret Thatcher, the British Prime Minister, and Mr Helmut Kohl, the West German Chancellor, both of whom had de- subject to this procedure. cided that monetary questions should be kept out of the package. In return, they have agreed to a text which will have no appreciable effect on the current control of

and which will possibly make fu-ture development of the European Monetary system even more diffi-cult, according to national officials. for Britain and Ireland and environ-Currently, the Treaty of Rome mental protection for Denmark in contains general aspirations to the overall plan to speed up complewards deepening economic co-

outside the control of Community British and West German approv

al only came when it was clear that the proposed Treaty amendment would not lead to any greater sacrifice of national sovereignty over omic affairs.

The deal also makes any future development of monetary policy affecting EEC institutions subject to the full reform process of a unani-mous inter-governmental conference and ratification by national parliaments - instead of simply unanimity in the Council of Ministers. The establishment of a full European Monetary Fund as a Community central bank would be

The monetary breakthrough came as the heads of state and gov ernment battled through mounds of paperwork and amendments, seeking to narrow their differences on monetary and exchange rate policy reforms, and "striving for agree-in the EEC and member-states - ment," according to one spokesman.

> Continued on Page 18 Background, Page 2

Pan-European chip company on target

BY ALAN CANE IN LONDON

(ES2), a new, pan-European semi-conductor company established to exploit the growing market for cus-tom-designed microchips, is well on and Saab-Scania of Sweden. the way to completing its financing

from six big European industrial companies and is looking for up to a further \$20m from institutional investors. Together with \$20m of loans provided by banks and government institutions, the company should be able to raise a total of

The ES2 prospectus is expected

Of the six European companies

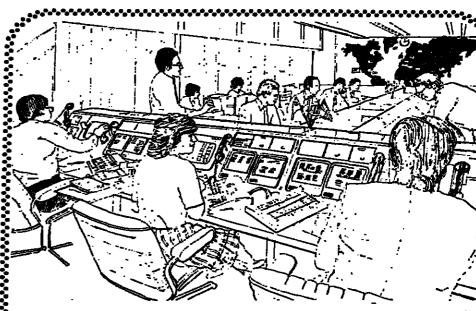
EUROPEAN Silicon Structures entered into co-operative agreements with ES2. These are Brown Boveri of Switzerland, Olivetti of

Sources close to the company say

It is thought to have raised \$25m that it plans to enter into a cooperative agreement and purchase shares, subject to the approval of its board of directors.

ES2 has apparently concluded agreements with a sixth, unnamed company and is negotiating with two others. The company's equity funding cannot exceed \$45m.

The company plans to use ad-vanced methods to simplify the design and manufacture of complicated microchips. It intends to build its own semiconductor fabrication plant, although its first silicon products are expected to emerge in the Continued on Page 18



BNP in the United Kingdom

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Ireland

double

urged to

investment

THE Confederation of Irish Industry said yesterday that Ireland needed to double its level of investment in industry to sustain manufacturing growth rates at levels required to combat 17 the cent unemployment.

bat 17 per cent unemployment and close the gap in living standards with other EEC countries, writes Hugh Carnegy in Dublin.

In its submission on the bud-

get due in January, the ClI said the annual role of inflation should be held at 3 per cent in

should be held at 5 per cent in 1986 compared with the present 5.5 per cent. Public spending should be held steady in real terms to help reduce the budget deficit. a record 8 per cent of gross national product.

from 13 per cent in 1984 mainly due to a slowdown in the electronics sector. Annual investment of IEIbn (£350,000) was needed to sustain growth at the required 8 to 10 per cent per annum but present levels were only about half this.

only about half this.

The CII also recommended cuts in tax on dividends, a reduction in capital gains tax from 40 per cent to 20 per cent, "over the counter" security markets and borrowing concessions for small companies.

The Confederation growth in manufacturing output in 1985 slipped to 5 per cent from 13 per cent in 1984 mainly

Closer co-ordination of foreign policy likely

BY IVO DAWNAY IN LUXEMBOURG

EEC GOVERNMENTS have taken an important step towards closer co-ordination of their foreign policies by agreeing a draft text for a Treaty on European Political Co-operation. Although the treaty will not be formally endorsed until other aspects of EEC reform are complete, it will be the first move by European governments to impose treaty obligations on foreign policy co-operation. The EEC's founding Treaty of Rome does not cover non-commercial foreign policy. However, attempts to co-ordinate national positions on major issues have become increasingly important and successful since the early 1970s, and to a con-siderable extent the new treaty

established practice.

Nevertheless, several governments led by Britain's, have argued the case for deepening political co-operation by means of a treaty which, at the very least, imposes an obligation on members to consult each other before taking a position on key international issues, Some states have remained

dubious, however, with Greece essential way" to developing an . An undertaking by member expressing doubts as to the identity value of a treaty and Ireland policy. nervously guarding its status as There

perpardise Irish and Greek Council and Parliament. Incorporation of the treaty. But a British have been determined final draft by the Luxembourg to resist the creation of an presidency appeared to resolve this problem by saying only that cracy. The compromise—seem this problem by saying only that cracy. The compromise—seem to incorporation between certain create a small secretariat, Nations.

Contracting parties on security within the WEU and Nato mission and directly responsible to the European Council.

Nevertheless, an earlier The main aims of the draft

Agreement to inform and

identity for European foreign states to consult on foreign

There have also been There have also been the restrictive from the restr

Nevertheless, an earlier The main alms of the draft paragraph underlines the view treaty are necessarily general-take soundings from the European Cooperation issues.

policy issues, in order to exercise effectively their combined

wide deployment.

Dutch stand firm on N-decision despite Nato's disapproval

BY BRIDGET BLOOM, DEFENCE CORRESPONDENT, IN BRUSSELS

number of nuclear roles it per-forms in alliance strategy. It decided to maintain only two of its so-called nuclear tasks when it agreed at the start of this month to deploy 48 US cruise missiles as part of the Nato-

Mr Jacob de Reiter, the Defence Minister, said yester-day the decision would not be

day the decision would not be rescinded. Dutch forces would not retain nuclear-tipped artillery and would no longer operate F-16 fighters nor its Orion maritime patrol aircraft with nuclear weapons.

A senior Nato official said the defence ministers, discussing the Dutch moves in a restricted session of the Defence Planning Committee here yesterday, were "profoundly unhappy" at the implications. Said he believed their two countries were now close to signing the part of the professional plans for conventional defence miprovements and what is called a conceptual military framework, endorsed yesterday. Framework, endorsed yesterday, to provide a 20-year planning framework for operational concepts. Forces and weapon systems.

After the meeting, Mr Caspar Weinberger, the US Defence yesterday, who held a brief tipe. his British counterpart, said he believed their two countries were now close to signing

pressure from their electorates to reduce their own nuclear roles.

It is not clear whether other nations will be expected to take over the Dutch roles. Mr de Reiter said yesterday that his government would phase out the nuclear weapons concerned gradually in parallel with the cruise missile deployment Germany. Italy and Spain to discuss approaches by the US and France for involvement in

BY PATRICK BLUM IN VIENNA NATO (the North Atlantic Treaty Organisation) yesterday

presented in informal proposal at the talks here on reducing

conventional forces in Europe, according to Warsaw Pact

It takes up elements of an

earlier Warsaw Pact proposal by suggesting a phased agree-ment, with an initial withdrawal

of US and Soviet troops to be followed by a three-year freeze

of forces, Western officials said.

The proposal envisages tight verification procedures. After the initial troop reduction each side would present data on the number of forces it maintains

The figures would be checked by observers and by inspection of each others's forces during the freeze period. Provided both

negotiated. The proposal, how

in the area.

Alliance proposes pact on

reducing troops in Europe

sides were satisfied, further before an agreement could be troops reductions could then be signed. This has been a central

evor, does not establish a direct with Nato arguing that the link between the initial steps Warsaw Pact had at least 170,000

and future troop reductions.

The proposal was put informally at a meeting of ambassadors ally at a meeting of ambassadors in Vienna yesterday in advance agree to reduce their forces

of a plenary meeting on Thurs- regardless, at least during an

of a pienary meeting on thirds regardless, at least during an initial stage.

"A new element in the proposal is that we would agree to an initial withdrawal of US and Soviet troops without prior with an initial reduction of agreement on data," one 20,000 troops by the Soviet Western official said:

Union and 13,000 by the US.

In the past Nato has sought to draw up a comprehensive agreement, and insisted that both sides had to agree on the 11.500, and the US 5.000.

NATO DEFENCE inisters of dissension at the meeting have strongly criticised the which ended unexpectedly Dutch decision to reduce the early yesterday with a compumber of nuclear value is

e early yesterday with a communique which made much of the Nato's new emphasis on improving its conventional defences.

Lord Carrington, the secretary general, spoke of the important new political impetus which he believed ministers had given to collaborative armaments production within the alliance. Nato now has firm plans for conventional defence improvements and what is plans for conventional defence improvements and what is called a conceptual military framework, endorsed yesterday, to provide a 20-year planning framework for operational concepts, forces and weapon systems.

After the meeting Mr Cacaan

They clearly fear that other governments will come under pressure from their electors. pressure from their electorates to reduce their own nuclear fence Initiative.

988. and France for involvement in The Dutch action appears to the four-nation European lave been the only serious point Fighter Aircraft project.

Britain yesterday backed current efforts to revitalise

the Western European Union, writes Paul Betts in Paris.

Baroness Young, Minister of State for Foreign Affairs,

defended progress made so far in a speech to the WEU

far in a speech to the WEU assembly.

She said that after 18 months of hard work "the coming year will see the rapid growth of a regenerated, leaner and more effective WEU." European security was indissolubly linked to that of the US " and that is why we have every intention of using

the US "and that is why we have every intention of using the WEU... to reinforce and strengthen the vital link across the Atlantic."

respective size of their forces

Dute between the two sides

Mugabe feted in Moscow Mr Robert Mugabe, Zimbabwe's

vi jult

الله) :

Mr Robert Mugabe, Zimbabwe's Prime Minister, has been accorded top honours on his first official visit to Moscow, writes our Moscow correspondent. The Soviet leadership gave a determinedly cordial welcome to Mr Mugabe, whose relations with Moscow have been strained in the past br Soviet support of Mr Joshua Nkomo, his chief political rival, during the fight for independence in Rhodesia. political rival, during the fight for independence in Rhodesia. In his turn, Mr Mugabe sealed what he termed a "mission of friendship" by signing a bilateral economic and technological accord and a pact to increase conception. pact to increase co-operation between the Soviet Communist Party and his own Zanu-PF.

US aims TV at E. Europe

The US is planning to establish with West German help its first TV station to beam programmes into an East European country, writes Leslie Colitt in Berlin. Officials here said the US wants to set up a station in West Berlin, 110 miles inside East Ger-many, where it could reach most Cerman viewers. It would be attached to KIA station in West Berlin operated by the US State Department and financed by Bonn, which has millions of listeners in East

Germany.
The Americans are insisting on control over the station, which would be staffed mainly by Germans.

Hungary seeks savings boost

writes Patrick Blum in Vienna. Hungary is to introduce incentives to encourage personal savings following a decline in the volume of new savings deposits this year. Personal savings deposits grew by only Forints 11bn (£156m) this year compared with Fishman of the product of t this year compared with Flabn-F20bn a year during the past five years, the Hungarian news agency MTI says.

To encourage savings banks are introducing more attractive forms of deposits with higher interest. Next year, the National Saving's Bank, which accounts for the bulk of personal savings deposits, will introduce a supplementary pension savings scheme coupled with a life assurance. Other measures will encourage competition.

Denmark plans demand curbs

The Danish Government is expected to announce measures today to reduce domestic demand and stop the deterioration of the current account which reached a record DKr 22bn (£1.6bn) deficit in this year to September, writes Hilary Barnes in Copenhagen.

The measures are expected to include a process of the determinant of the control of the determinant include special deposits by banks and savings banks with the central bank, a freeze on public sector construction proects, and an energy equalisation tax (to compensate for the fall in energy prices this year).

FINANCIAL TIMES

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N.Y. and at additional mailing offices. POSTMASTER: send address changes at The Australia. changes to FINANCIAL TIMES.
14 East 60th Street, New York, N.Y.

Surprise monetary deal proves unsurprisingly modest

BY QUENTIN PEEL IN LUXEMBOURG

wanted no text at all.

The end result, however, is pean currency unit (Ecu). Its currency, while taking care modest in the extreme, doing the agreed amendment to ensure a high level of functional changes the ultimate goal of "economic must follow the procedure of and monetary union": in Paris formal treaty amendment, in 1972, and in Bremen in 1978, obvious about monetary policy tions between West German and of prices."

THE FIRST deal reached yester in the Treaty of Rome. It rules British officials, and then in biday by the EEC leaders—subject out any major reforms without to overall agreement on a package of reforms — was surprising on monetary measures, the one question on which both Britain and West Germany the expension of the European Commission and other member states, pledges the words "economic co-operation. The aim, already the European discussions involving the European Commission and other member states to economic co-operation. The aim, already and monetary union" in the set out in the treaty, is for each to the European Monetary. to the European Monetary its overall balance of payments ment is to write into the treaty sions when the member states System (EMS) and the Euro- and to maintain confidence in that any further development have committed themselves to

The new text will add that in conference, ratified by national co-operating "they shall take parliaments. The Commission, account of the experience the EEC monetary committee gained in co-operation in the and the committee of EEC framework of the EMS and with control bank governers would the Ecu, while respecting existing competence,"
The other specific amend-

The amendment also includes a preamble, recalling the occa-

Why Italy wants more powerful Parliament

ITALY'S TRENCHANT insis- Italian insistence on its de- integration is popular with the tence on radical reform of EC mands at the summit is that Mr institutions, including a sweep- Bettino Craxi the Prime Minising advance in the powers of ter and Mr Giulio Andreotti, the European Parliament, is the Foreign Minister, were based on a combination of instrumental in the decision of immediate and more long-term the Milan summit in June to go

It has proposed that the parliament be granted powers similar to those of national parliaments, including the right to amend proposals from the Council of Ministers at a first reading and to reject proposals by simple majority at a second

The Government has argued that only with a stronger parliament can an unrestricted internal market be achieved. Such a market would never have been achieved in the US, it believes, if there had been only come a conver

Mitterrand on

By David Housego in Paris

Caribbean tour

THE FRENCH President, Mr

François Mitterrand, travels to Martinique and Guadeloupe in the Antilies today for what is likely to prove a difficult three-

day visit. Both islands are French over-

for independence have been

calcdonia—by the expectations created by the Socialists coming to power. In Guadeloupe.

there was extensive violence earlier this year as elements

of the independence movement turned to terrorist action.

ing. Mr Mitterrand made a strong condemnation of vio-

lence and terrorism. He said:
"Whoever resorts to terrorism

will have to deal with the force of the law and hance

repression."

The independent movements.

none the less, are looking to Mr Mitterrand for some gesture

towards increased autonomy

before the general election in March, which is likely to bring a right-wing government to power in France.

Mr Mitterrand did not rule

this out in his interview. He

said that changes in the consti-

were a question for discussion.

But he added that the immense majority of the

In an interview before leav-

for an inter-governmental conform, rather than settle for what Italy regards as the "minima-list" British approach to change that would not require a new

This gives Italy a vested in-terest in holding out for a big change in EEC institutions rather than settling for some-thing that could have been achieved without the pain of the

treaty.

power were shared in a more democratic manner through the European Parliament, Italy's

public in Italy, where each political party tries to outdo the next in being pro-European.

At a deeper level Italy has long been in the uncomfortable position of being the weakest of the four big EEC countries bers. These range from Italy's long weather and the parignon to the Davignon to the tact that there are far more instances of the Italian Government and Parish there are far more instances of the Italian Government and Parish there are far more instances of the Italian Government and Parish there are far more instances of the Italian Government and Parish there are far more instances of the Italian Government and Parish there are far more instances of the Italian Government and Parish there are far more instances of the Italian Government and Parish there are far more instances of the Italian Government and Parish there are far more instances of the Italian Government and Parish there are far more instances of the Italian Government and Parish there are far more instances of the Italian Government and Parish there are far more instances of the Italian Government and Parish there are far more instances of the Italian Government and Parish there are far more instances of the Italian Government and Parish there are far more instances of the Italian Government and Parish there are far more instances of the Italian Government and Parish there are far more instances of the Italian Government and Parish there are far more instances of the Italian Government and Parish there are far more instances of the Italian Government and Parish there are far more instances of the Italian Government and Italian Government and Itali (France. West Germany. Brilling long resistance to the Davignon tain and Italy) and not willing plan for steel capacity cuts to to pose as the strongest of the its refusal to adapt its laws on remaining smaller states. If hunting and shooting.

Mr Francesco Forte until re-cently the Minister for Euro-European Parliament, Italy's interests might be better protected, it is felt here.

Italian MPs have far fewer reservations than those from other countries about transfer-ring some of their powers to Strasbourg. Yet some Italians question whether MPs in Rome realise to what extent Italy's ally un-European way, despite national interest could be challenged by a strong European in an abstract been achieved in the US, it believes, if there had been only the equivalent of the European unity. He and Commission in Washington.

One immediate reason for the concept of greater European unity. Strasbourg. Yet some liaitans and observations and observations. Strasbourg. Yet some liaitans politicians and observations and observations and observations and observations and observations. Strasbourg. Yet some liaitans politicians and observations are strategies.



Mr Giulio Andreotti: Convert to closer European integration

Problems face | Bonn holds talks on strike laws | Jaruzelski

BY RUPERT CORNWELL IN BONN

THE WEST CERMAN government, unions and employers MPs from Chancellor Helmut
will meet again today, against a Kohl's Christian Democrats
background of rumbling labour (CDU) and the Bavarian-based
unrest, in a new bid to reach a CSU of Mr Franz Josef Strauss
to a new bid to reach a CSU of Mr Franz Josef Strauss
to a new bid to reach a CSU of Mr Franz Josef Strauss
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to a new bid to reach a CSU of Mr Franz Josef Strauss
The straught cost of DM 200m

an estimated cost of DM 200m

(£55m). compromise in the dispute over a campaign to toughen the laws labour legislation obliging the

The second round of talks follows an inconclusive first session between the three parties on Monday evening. By by last year's seven week stopcommon consent, the prospects for real agreement are murky at best. But it is clear that all three are anxious not to be in a handful of key component saddled with the blame for hav- factories quickly brought the ing provoked a collapse in negonational car industry to a virtual standstill.

state to pay workers idled by strikes in supplier plants.

page in the engineering industry in support of a 35 hour week. Selective all-out strikes

The row revolves around demands from a broad swathe of battle, the federal labour office the ruling centre-right coalition in Nuremberg was eventually motably the liberal Free forced to pay those laid off, at

In spite of the agreement to talk, the two sides still seem far apart. The Government appears to be aiming for a comappears to be aiming for a com-promise where a more restric-tive policy would only apply to the immediate area in which a strike had been called. Workers in other parts of the country affected would be able to claim lay-off benefits from the Nurem-

berg agency.
The unions have dismissed this as a sham, and on Monday organised brief protest stop-pages in hundreds of factories, notably in the engineering notably in the engineering heartland of Baden-Württem-berg, around Stuttgart.

Pay negotiations resume in Italy

BY JAMES BUXTON IN ROME

unions with the aim of achiev- automatic protection against ining a major revision of the flation and therefore reduce the wage indexation system and space for pay bargaining and setting guidelines for pay confor widening pay differentials tract negotiations. The talks which companies are anxious to were broken off last month obtain. when differences between the two sides became too wide.

electors in Guadeloupe and Martinique had expressed the wish to remain part of France. In the presidential election of 1981, Mr Mitterrand scored Then, last week, the Government initialled an agreement with its own 800,000 civil servants which entailed a change in the scala mobile indexation system. The unions now want only 19.4 per cent of the votes in Martinique and 21.5 per cent in Guadeloupe. In the latter, to apply to the private sector the local administrations have declined to lay on buses to bring the local population to see the President.

System. Ine unions now want civil servants, it will trigger tast and to follow the guidelines every six months. Employees it has laid down. Mr Betting every six month

ITALY'S PRIVATE sector emdetermined to resist this. It be compensated for 25 per cent. ployers yesterday resumed argues that the formula would Confindustria argues that, if negotiations with the trade actually increase the degree of this system were applied to

The existing scala mobile triggers every three months and gives a flat-rate pay rise of L6,800 (about £3) for every point by which the index rises. Under the system agreed with civil servants, it will trigger every six months. Employees will receive 100 per cent pro-tection against inflation on the

Confindustria argues that, if this system were applied to private-sector pay, it would in-crease the total degree of protection from 49 to 52 per cent.

The employers are also resisting a union demand for a two-hour cut in the working week to an average of about 38 hours. The civil servants are to have their working week cut from 38 to 36 hours,

The Government is urging the employers to reach a settlement fast and to follow the guidelines

visit provokes French outcry

By Paul Betts in Paris THE SURPRISE visit to Paris of General Wojcieh Jaruzelski the Polish leader, provoked a the Polish leader, provoked a storm of protests in France yesterday with major trade union movements including the pro-Socialist CFDT confederation and right-wing opposition parties condemning President Francois Mitterrand's decision to receive him

General Jaruzelski arrived in France last night for talks with President Mitterrand today. It is his first visit to a West European country since the "state of war" was declared in Poland in December 1981. The French Covernment gave

no official explanations for the sudden visit except to say that the Polish leader, who had been on a tour of North African countries including Algeria and Libya, had asked for a meeting with President Mitterrand.

The French section of the Polish Solidarity union called the French agreement to ceive General Jaruzelski a betrayal. Right-wing opposition leaders criticised the visit as inconsistent with the French Government's so far generally firm position against the Soviet

The Government said the talks today would only last one hour General Jaruzelski is expected to seek French economic backing. He wants help for a further

Fund. d President Mitterrand is t expected to ask for concrete t signs of improvement in human rights in Poland,

for new international credits and for his country's efforts to join the International Monetary

Sweden outlines timetable for ending nuclear power

BY KEVIN DONE, NORDIC CORRESPONDENT. IN STOCKHOLM

decade of the next century.

The last station only began full commercial operation a couple of months ago, but the country's minority Social Democratic Government is still holding to the decision of the 1990. ing to the decision of the 1980 referendum which calls for them all to be phased out by 2010. Mrs Birgitta Dahl, Swedish Energy Minister, says it " is one of the basic goals of energy

detailed plan for energy con-servation and the promotion of The minister servation and the promotion of the minister maintains that alternative energy sources. Five the present energy situation is vears later, parliament should radically different from the years later, parliament should approve a schedule for the full position planned for du phasing out of nuclear power, together with the necessary tion is only 60 per cen legislation for closing down forecast 10 years ago.

THE SWEDISH Government each of the reactors. Actual vesterday outlined its timetable phasing out would begin for closing the country's 12 nuclear reactors during the first Sweden today has one of the Sweden today has one of the highest per capita levels of nuclear power generation in the world. By next year, nuclear power should be providing half its electricity consumption.

Industry has begun to warn

about the heavy costs of aban-doning nuclear power and recent opinion polls have sug-gested that anti-nuclear feeling is weakening. Mrs Dahl insists, however, that "those who today doubt the possibilities for phas-ing out nuclear power are quite The timetable presented yesterday calls for the Government and the Swedish Parliament to decide in 1990 on a to cut oil and coal consumption

position planned for during the 1970s. Swedish energy consumption is only 60 per cent of that

US-Turkish links tested as Congress considers Armenian commemoration

BY DAYID BARCHARD IN ANKARA

tested Turkish-American relations in the autumn of 1984. would make April 24 a day of commemoration for Armenians allegedly massacred during World War One. Turkey rejects claims that there were any Armenian massacres and re-

struggle to agree on a defence and co-operation agreement for the next five years.

The resolution, which appears to be a revival of one which tested Turkish-American relations in the autumn of 1984.

Middle East.

Middle East.

Turkey has, however, always data distinction between the two sides. If the obligations as a Nato tested Turkish-American relations in the autumn of 1984.

Middle East.

Turkey has, however, always distinction between the two sides. If the obligations as a Nato tested Turkish-American relations in the autumn of 1984.

Middle East.

Turkey has, however, always distinction between its regional interests and interest and interests and interest and interests a

A DRAFT resolution due to come before the U. Congress in the next few days has increased strains in Turkish-American in Turkis Soviet Union, and it is well to maintain its army, and also placed for the defence of the that discussion of the amount Middle East. to be granted is bedevilled each

the power of any US Administration to extract from Con-

possible conversion of the agreement into a full treaty.

The US is believed to want attempted to set Turkish fears attempted to set Turkish fears attempted to set Turkish fears are stone of Turkey's foreign It is assumed, however, that The US is believed to want attempted to set aurism across more freedom to use bases in at rest. Mr Armacost pointed and defence policies, is not in Turkey for purposes such as the US was helping the use of the Rapid Deployment Force to defend the Gulf.

The negotiations should in the purchase of Rapier ground-base been concluded by their missile systems. He proof the present one will be a solution of the present one will be a solution.

Liberals sweep to victory in Quebec election

On the very sensitive question

drop the primacy of French in Quebec affairs established by

Mr Bourassa, his team but-tressed by several well-known names from the business world

in Montreal, will probably have

a mini-budget by Christmas to bring in some initial tax cuts

promised during the campaign.
Two contenders mentioned

for Minister of Finance are Mr Daniel Johnson, 41, brother of

day that the company would

not get any new government business until the latest charges

were cleared up and problems in connection with the charges

were corrected.
The indictment by a Los

Angeles grand jury accused General Dynamics of overbilling

the government by more than \$7bir between 1978 and 1981

Minister.

Navy halts fresh work

with General Dynamics

THE US Navy said General pension for the company this

Dynamics, the nation's third year. The Navy earlier barred biggest defence contractor, will General Dynamics in connected suspended temporarily from new military contracts follows charges, but lifted that suspensing a grand jury indictment to the company with expense account the company of the company was a contract.

ing a grand jury indictment sion in August.

against the company on Mr Caspar Weinberger,

Monday, Reuter reports from Defence Secretary, said in a
televised NBC interview yester.

nection with work on the Divad anti-aircraft gun programme.

It would be the second sus-

THE QUEBEC Liberals swept Ontario level. They promise to victory in Monday's Quebec better economic management election, winning 99 seats in the negotiations with Ottawa on 122-seat National Assembly. The signing the 1982 constitution, a Parti Quebecois, with its long- new form of Quebec nationalism, term aspirations for indepen-dence, was reduced to 23 seats and possibly further large scale hydroelectric construction.

But Mr Robert Bourassa, 52, leading an extraordinary political comeback for the Liberals, ment is expected to relax the narrowly lost in his own Montreal constituency by 329 ing in English, But it will not votes. Mr Pierre Marc Johnson, drop the primacy of French in 39, leading the PQ, kept his seat in another Montreal constituency by a small margin, but will have to quit as Premier. Eighteen PQ cabinet ministers

went down to defeat. Mr Bourassa will form his Cabinet within the next 10 days, open the National Assembly on December 16 and call a by-election as soon as there is a suitable vacancy so that he can enter the National

the PQ leader, and Mr Pierre MacDonald former vice-president of the Bauk of Mon-treal. Mr Herbert Marx, a con-stitutional law expert, will almost certainly become Justice Minister The Liberals won 56 per cent of the popular vote, up from 46 per cent in 1981, and the PQ 39 per cent. Seven fringe parties shared 5 per cent but did not

win any seats.

The Liberals say they have a margin of about C\$500m (£243m) to begin making tax cuts. The objective is to bring Quebec taxes down to the the PQ.

The Liberals under Mr Bourassa took power in 1970, won a landslide victory in 1973 but were then tossed out in 1976 by Mr Rene Levesque and the PQ.

Washington. Navy officials, who asked not

General Dynamics, which builds ballistic missile and attack submarines, was indicted

in Los Angeles yesterday on charges of conspiring to over-charge the government in con-

identified, told Reuters the temporary suspension was expected to be announced late

indicators in US up by 0.3% By Stewart Fleming in Washington

Economic

THE US Government's index of leading economic indica-tors rose a moderate 0.3 per cent in October continuing the steady gains it has been making since May, the Commerce Department reported yesterday.

The increase was welcomed by Mr Malcolm Baldrige. Commerce Department Secretary, who said that the increases are "consistent with the recent pickup in overall

the recent pickup in overall economic growth."

He said that "past relationships show that average gains of 0.5 per cent per month in the leading indicators are consistent with (the Administration's 1985 target) 4 per cent growth in real gross national product." The Commerce Department

also revised up from 0.1 per ceut to 0.4 per cent the gain in the index for September. Private economists con-tinue to differ widely over the economic outlook. Many question whether the expanquestion whether the expansion is as vigorous as the third quarter rise in real GNP at an annual rate of 4.3 per cent reported last month seems to suggest.

Mr David Wyss, an economist with Data Resources, a US economic consulting firm, said yesterday he expects no real

consulting firm, said yesterday he expects no real growth in the first quarter of 1986, but an acceleration to a real annual rate of 4 per cent in the second half of the year.

Separately Mr Preston

of the year.
Separately Mr Preston
Martin, the vice chairman
of the Federal Reserve
Board, told a conference in
Washington that the Central
Bank "would do its part"
to sustain the economic
expansion next year."
He said that 1986 could
see a recession even if

see a recession even if economic policy is suppor-tive of expansion. • Republican Party leaders

hinted yesterday that President Reagan would not reject the tax reform Bill which the House Ways and Means Com-House Ways and Means Committee was scheduled to approve later and which is expected to clear the full House of Representatives shortly. "He may be stuck with if "Mr Robert Dole, Senate majority leader, said after he and other Republican leaders bad met with the President."

In the footsteps of Columbus

BY HUGH O'SHAUGHNESSY, LATIN AMERICA CORRESPONDENT

other in recent years. Western Europe and the countries of Latin America are finally starting to talk to each other. That, anyway, is the hope of those in-volved in the establishment this year of Irela, the Institute for European-Latin American Rela-

The idea of setting up an independent forum in which European and Latin Americans could meet on equal terms to work out ways of tackling common problems was mooted at the end of 1982 by a group of scholars, officials and journa-

They argued that Latin America had well-established links with the US through the Washington-based Organisation of American States and the European Community had rela-tions with its former colonies through the Lome Convention, but that Latin America and Western Europe had no such permanent forum.

An organising committee was formed and, mobilised support among Latin American and European governments, in the European governments, in the European Commission and in the European and Latin Americans that the Instican parliaments. Last year the tute was merely a public rela-European Parliament in Strastions exercise for the Com-

AFTER alternating between dissemination of information. ogling and pulling faces at each Its budget next year with money beginning to come in from Latin America as well, could exceed Ecu 1m (\$870,000).

Irela has found temporary accommodation in Madrid on the eve of Spain's accession to the Community and has re-ceived a warm welcome from Many Spanish politicians, keen on making their country the new axis of European-Latin American relations.

In Latin America itself, the Governments of Argentina, Peru, Brazil. Venezuela and Costa Rica have expressed intreest in setting up its Latin American headquarters in their

countries.

The work of getting off the ground has fallen principally to Dr Wolf Grabendorff, a former correspondent for television in Buenos Aires who went on to work for a federal near Munich.

He has had to overcome suspicions that Irela would be too Right wing or too Left wing, doubts about the Community's



Mr Wolf Grabendorff winning support from both sides

whose members are Mr Allan Wagner, the Peruvian Foreign Minister and Mr Alain Rouquie, the French ambassador in San Salvador Advising the Institute is an influential international committee whose membership ranges from novelists Graham Greene and the Mexican Carlos Fuentes to Adolfo Suárez, the former Spanish

In the course of this year Irela has helped to organise inter alia three conferences on Central America in Brussels, Mexico and Costa Rica, the first inaugurated by Mr. Claude Cheysson, the European Com-missioner, and former French

Next year's programme in-cludes a conference on Latin American debt in Lima, staged with the help of the Peruvian Government and the Council of Europe, a gathering on eco-nomic co-operation in Montevideo sponsored with the Uruguayan Government and the UN Economic Commission for Latin American and the Carib bean, and a seminar on the Falklands issue to be held in

The new Institute's work will not be wholly political. Indus-trialists and bankers in both regions have shown interest, and Irela hopes to sponsor some gatherings on themes such as the transfer of technology between the two regions. Cul-tural matters will also be

pursued.
There is certainly no lack of work for Irela to tackle. With the signature last month of a pact between the Community and Central America and the continuing overhang of Latin America's international debt. relations between the two regions will deserve a great deal nore study and interpretation.

governments are some governments are already laying plans for the 500th anniversary of Columbus's voyage of 1492, the first recorded episode in Europe's relations with the New World. that commemoration.

Hugh O'Shaughnessy is one of lounder members of Irela.

Brazil to repay part of failed banks' debt

By Richard Foster in Brasilia

BRAZIL'S Central Bank has announced that a 25 per cent payment will be made on unguaranteed debts of three banks which the Government closed down in an emergency action two weeks ago.

The Central Bank offer would include a payment of 25 per cent against some \$450m (£304m) in loans made by foreign banks to Banco Comind, Banco Auxiliar and Banco Maisonnave.

Two weeks ago Fernao Bracher, the Central Bank president, said Brazil would not cover the potential loan losses of foreign banks. The money is owed to an estimated 100 banks including major and regional banks in the US and least one major British bank.

The Central Bank's previous refusal to honour the foreign credit was expected to create create was expected to create difficulties for Brazil in future talks with its foreign creditors. In past years the Brazilian government had covered such losses.

Mr Bracher travels to New York next week to seek a re-newal of the country's short term interbank credit now totalling \$16bn. Mr Bracher also needs banker support to reschedule Brazil's \$100bn foreign debt without International Monetary Fund monitoring which the Brazilian government

The announcement that Brazil will pay a proportion of the banks unguaranteed foreign loans is an indication that it has softened its tough stance in the tope of winning concessions on larger debt problems.

Comind and Auxiliar were the country's eighth and fifteenth largest banks respectively. The Central Bank closed them down after repeated failed attempts to nurse the banks back to health with infusions of taxpayers' money.

The foreign loans were made to the failed banks at the be-ginning of this decade without direct government guarantees. The banks then re-lent the money to private Brazilian bor-rowers. About 10 per cent of

bourg approved the first grant munity. to Irela, allowing it to start a As Irela's full-time director, programme of meetings. re- he works with the original search and the gathering and organising committee among **McDonnell Douglas wins**

Star Wars missile contract BY OUR U.S. EDITOR IN WASHINGTON

and test an interceptor missile to destroy incoming nuclear warheads in the upper atmo-sphere as part of President Ronald Reagan's Star Wars

space defence programme. The new weapons would be used at heights of less than 300,000 feet to mop up warheads that had penetrated the outer layers of the defensive

The proposed McDonnell Douglas missile, to be known as Hedi (high endoatmospheric defence interceptor) would complement a much longerrange missile, for which the
Pentagon awarded the contract
to Lockheed last month. Both
would be launched from fixed
transchafe sites in accord.

THE PENTAGON has selected as Eris (exoatmospheric reentry vehicle interceptor system), would attack warheads in mid-flight more than 60 miles above the earth. Eris would seek to destroy its targets by impact, without the use of explosives, but Hedi would un-leash a barrage of non-nuclear explosive fragments

The Pentagon declined to estimate the value of the proposed five-year contract with McDonnell Douglas, saying that negotiations would be held in the coming weeks to work out the details. It has told Congress, however, that it wants to spend roughly \$421m (£284m) on the The Pentagon said McDonnell Douglas Astronautics, of Huntington Beach, California,

to Lockheed last month. Both would be launched from fixed ground-based sites, in accordance with the 1972 anti-ballistic missile. (ABM) treaty, the Pentagon stressed.

The Lockheed missile, known Touches as prime contracts. Of the first 30 days of a requirements for deploying the \$450m is still in Central major war in Europe, 42 per reserve combat units, but short derived the \$450m is still in Central Bank coffers unlent. The remaindent of all the US Army's reserve combat units, but short derived the \$450m is still in Central Bank coffers unlent. The remaindent of all the US Army's reserve combat units, but short derived the \$450m is still in Central Bank coffers unlent. The remaindent of all the US Army's reserve combat units, but short derived the \$450m is still in Central Bank coffers unlent. The remaindent of all the US Army's reserve combat units, but short derived the \$450m is still in Central Bank coffers unlent. The remaindent of all the US Army's reserve combat units, but short derived the \$450m is still in Central Bank coffers unlent. The remaindent of all the US Army's reserve combat units, but short derived the \$450m is still in Central Bank coffers unlent. The remaindent of all the US Army's reserve combat units, but short derived the \$450m is still in Central Bank coffers unlent. The remaindent of all the US Army's reserve combat units, but short derived the \$450m is still in Central Bank coffers unlent. The remaindent of all the US Army's reserve combat units, but short derived the \$450m is still in Central Bank coffers unlent. The remaindent of all the US Army's reserve combat units, but short derived the \$450m is still in Central Bank coffers unlent. The remaindent of all the US Army's reserve combat units, but short derived the \$450m is still in Central Bank coffers unlent. The remaindent of all the US Army's reserve combat units, but short derived the \$450m is still in Central Bank coffers unlent. The remaindent of all the US Army's reserve combat units, but short derived the \$450m is still i

US army reserves 'not ready' for war in Europe

BY REGINALD DALE, US EDITOR, IN WASHINGTON

able difficulty rushing enough army reserves to Europe to hold the line in the early tional attack by pouring in reinforcements from the US, so as to avert the need to "go stages of a conflict with the Warsaw Pact, according to a report by the independent Congressional Budget Office that the reserves would be better able to meet their (CBO).

The quality of US reserves has improved over the past three years, but most reserve three years, but most reserve units are rated unready or only "marginally ready" for combat, the report says. The CBO finds "considerable cause for concern, especially in the equipment area," It suggests that they would be 25 per cent short of their needs in dollar terms by 1988 for critical equipment items.

In the first 30 days of a

and armoured cavalry) and combat service support The reserves would be required

to play a much greater role earlier in the conflict than in past wars, the report says. The army could meet its

The report suggests, however,

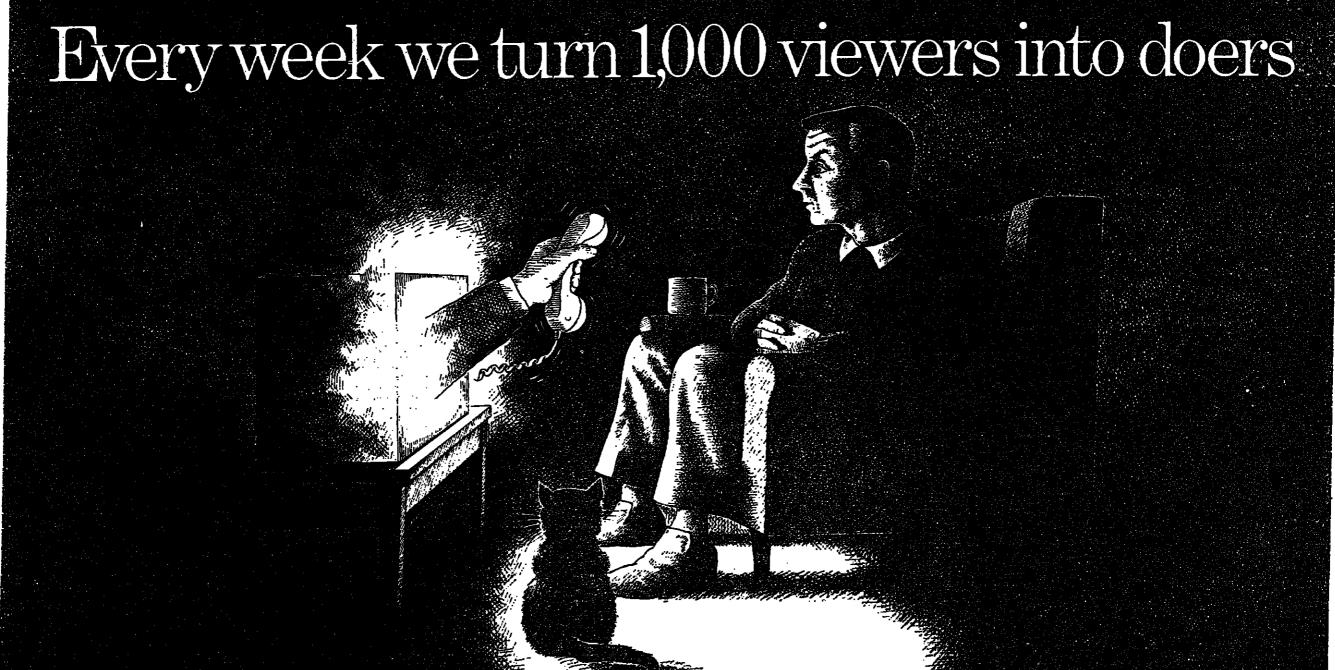
requirements in the later.

rather than the early stages of

a war-particularly as the army is continuing to increase its

reliance on reserves for combat

support (artillery, engineering



The London community is LWT's local community. Our viewers are a concentrated and varied mix of over 10 million people. With a range of problems and projects to match.

A little support can make the difference between solving those problems and letting them slide. So in 1982 we set up the London Community Unit to

provide that help. Last year alone more than 60,000 viewers got in touch, Over 1,000 Londoners per week.

Some wanted the aid of our Community Information Service, which makes it possible for groups like the Samaritans, Adult Literacy units, the London Wildlife

Trust and Drug Rehabilitation schemes to make free commercials about their work, and to screen them on LWT

Others wanted to take part in one of the highpowered conferences which we set up on major topics such as drugs abuse.

Yet others were volunteering their services. On projects like Christmas Line, which we run together with other local TV and radio stations and the Samaritans. And which provides information, advice and sometimes vital help over the Christmas period.

The London Community Unit is one of our contributions to our local area. London. It buts us amongst the doors in the community.

Gen Ver's reinstatement by

assistance programme.
Gen Ver's return to power is

stitutional.

Top Australian bank lifts

prime rate to record level

WESTPAC Banking Corpora- encouraged by signs of a sig-

The recent surge in interest slightly lower yesterday at rates stems partially from US\$67.75 cents, while 90-day Australia's continued strong bank bill rates reached 19 per

BY SAMUEL SENOREN IN MANILA

MRS CORAZON AQUINO, she was "flabbergasted." widow of assassinated opposition leader Benigno Aquino, announced yesterday that she would run for President against can the same man defend am can the same man defend 4m Filipino's?" she asked. Mr Ferdinand Marcos whom she accuses of having her husband

The announcement, made at a press conference in Makati, a suburb of Manila, drew a stand-not si ing ovation from hundreds of gress. cheering supporters and ended months of speculation on who would be Mr Marcos' opponent

would be Mr Marcos' opponent in the presidential election set for February 7.

Mrs Aquino picked Mr Salvador Laurel, the former senator, as her running mate for the vice presidential slot but he has yet to consent to the draft Mr Laurel also applies to the equipment under a US military aid to the Philippines if Gen Ver was reinstated.

Mr Marcos said yesterday, however, the US had already withheld release of \$60m (£40.5m) worth of military dent Mr Laurel also applies to the Philippines if Gen Ver was reinstated. draft. Mr Laurel also aspires to the presidency although some opposition leaders believe he expected to become a major may settle for the number two political issue during the cam-

An Aquino-Laurel ticket In the meantime, however, would pose a formidable chalthe special election is being lenge to Mr Marcos who called questioned by a group of lawlenge to Mr Marcos who called questioned by a group of law-the election in a bid to over-yers and opposition legislators come the country's deep-scated who asked the supreme court political and economic problems. yesterday to declare it unconpolitical and economic problems.

Mrs Aquino's announcement Aguno's announcement came a few hours after President Marcos signed a Bill setting up a special presidential election which he claims will prove he still enjoys widespread popular support.

Asked what she felt about the acquittal of General Fabian Ver, the armed forces chief accused.

the armed forces chief accused tending that the action satis-of conspiring to kill her hus-band in 1983, Mrs Aquino said ment.

of the local dollar.
In spite of that, figures pub-

fixed capital spending by the

private sector is expected to

rise by as much as 17 per cept in 1985-86, to A\$18.7bn (£8.9bn). The Bureau's latest invest-ment survey was conducted in

ment said yesterday that it was A\$552m

Narcotics trade is dilemma for Egypt

use of heroin and cocaine.

Estimates of the value of ille-gal drugs sold locally range up to \$1bn, which is equivalent to more than half the cost of Egypt's Mr Marcos drew an adverse reaction from US officials who had warned Mr Marcos it would not sit well with the US Con-A number of US Congressmen have warned they would seek an end to US military aid to the

annual food imports.

The authorities are deeply concerned about Egypt's growing reputation as a big market for narcotics. Gen Ahmed Rushdi, the Interior Minister, recently and the present of the prese

Gen Rushdi said he was also

Gen Mohamed Hosni Abdel Azim, deputy chief of the Narcotics Bureau, described heroin

of July, seizures totalled about 55kg of heroin compared with 19.2kg for the whole of 1984 and 11kg for 1983.

charged with drug use in Egypt from January 1 to July 30 was 4,294, a hig increase over the corresponding period last year. Gen Azim said the main sources of heroid imports were Lebence. of heroin imports were Lebanon. Syria, India and Pakistan.

There are no reliable figures

about drug use in Egypt. Esti-mates of the number of users (mainly hashish) range up to 750,000 and the number of heroin addicts could be as high as

rising inflation, lax monetary conditions and further weakness of the local dollar nearly three years old-has lished yesterde by the Bureau helped spur economic growth, of Statistics indicated that new restore profits, and reduce But Australia's inflation rate is about 8 per cent and rising,

> In the 1920s, Egypt was a major centre of drug addiction. It has been estimated that at one time there were as many as 500,000 drug addicts out of a population

WHEN THE price of dollars in Egypt's black market shot up recently, part of the blame in bank-ing circles was placed on demand by drug dealers for hard currency to satisfy a booming local trade in hashish and increasing

said he was considering round-ing up all smugglers and dealers in parcotics under the emergency law in force since the 1981 as-sassination of President Anwar

considering the drafting of a Bill requiring mandatory capital punishment for people caught smuggling or trading in "white poisons," namely heroin and

The sentencing this week for narcotics possession of Magda Khatih, one of Egypt's best known actresses, to five years' jail with labour, has served further to focus public attention on the maller.

institution as a "big problem" and said amounts seized this year had increased sharply. In the seven months to the end

The total number of those

tion. Australia's biggest private its a figure planned by manufacturing prime lending rate to a record industry which could rise up 19.75 per cent next Monday. The other major banks are expected to follow suit.

The record mass in interest in the Australian dollar closed

100,000.

Gen Axim said the street value in Cairo of heroin from Lebanon or Syria – the premium variety – was about ££100,000 (\$73,000).

A recent World Health Organisation survey of 700 students at Cairo University showed 36.4 per cent had tried hashish or other drugs.

the first week of last month, since when interest rates have risen further, which will help ment outlook.
depress spending plans.
Nevertheless, the Govern-corded a record trade deficit of

John Elliott talks to Bangladesh's military head, who has promised return to democracy

Ershad trawls for political support

"YOU STUDENTS have educa-tion. It's your job and duty to tell the people in your village to boil pond water before they drink it. Do you expect the Government to boil the water for you? This isn't America, you know; this is a poor country and you can't depend on government for everything."

The speaker was President Ershad, military ruler of Bangladesh, who interrupted a helicopter tour of rural administration centres in the Ganges delta on Monday to investigate a suspected cholera outbreak in the village of

"I intend to hold elections in 1986 and this time I am quite sure that they will take place on the declared date," he said

on the declared date," he said yesterday in an interview in his Dhaka home.

He said he would not cancel the elections as he did earlier this year, just because opposition parties threatened to boycott them. Although he would per cent of whom are below the poverty line, with relatively few major civil or economic probation per cent of whom are below the poverty line, with relatively few major civil or economic probation parties threatened to boycott them. Although he would Earlier this year, in a reference major widely recarded as this year, just because opposition parties threatened to boycott them. Although he would
not confirm dates until after he
holds talks later this month with

major civil or economic probthe elections but Gen Ershad
wants a continuing role for the
army, which at present has five
not confirm dates until after he
endum widely regarded as
of its 25 serving major generals
in the Cabinet and other senior

devolved executive responsi-



outbreak in the vinage
Nilchiti.

The tour was part of Lieut
General Ershad's bid to establish himself politically as a
popular civilian president while
at the same time checking on
the efficiency of new local
government centres.

This weekend the Bangladesh
President acts as host to the
first-ever summit of South
Asian leaders, including Mr
Rajiv Gandhi of India and Gen
Zia ul-Haq of Pakistan. He is
auxisus to demonstrate that he
is running a moderate style of
military rule and is not an
oppressive dictator.

If intend to hold elections in

The opposition parties, the elections are held. Although he has not formally
declared himself a full Presidential candidate, he said yesterday: "If the people want me
to be President, why not?"
His aim now is to establish
sufficient support for himself
and the parties that he and they can
be elected legitimately to full
President all and partiamentary
declared himself a full Presidential
and maybe now I have earned
the confidence of the people of
the country." He described his
military rule and is not an
oppressive dictator.

"I intend to hold elections in
"I intend to hold elections in
led here in the name of
democracy."

Gen Ershad seized power in
Sandad his time I am quite

"Gen Ershad seized power in
I salmi party, which has be

Martial law would end after the elections but Gen Ershad wants a continuing role for the

administering regions and judicial system, Some generals feel however some generals teel nowever that the time has come to pull back into their barracks and are worried about the army being weakened by corrup-tion, which is increasing among some officers, especially those involved in the judicial those involved in the judicus, system. But other officers are less keen to give up power and none is thought willing to pull out until Gen Ershad is strong enough politically to defeat the old opposition

Like Gen Zia in Pakistan, Like Gen Zia in Pakistan, Gen Ershad does not want his country's old political parties to return to power. Both are having considerable success in exposing and exploiting their parties' poor leadership, lack of popular policies, and general ineffectiveness.

In both countries general apathy and despair about the abilities of the parties, rather than enthusiasm for the militran enthusiasm for the inti-tary rulers, have kept the two generals in power. In neither country is there any indication outside urban areas of a wide-spread wish to upset relatively benign administrations.

Presidential and parliamentary terms.

This would mean a defeat for the established opposition parties, apart from the Jamaat i Islami party, which has been gaining appeal in this gently Moslem country. The others are rapidly losing credibility.

Martial law would end after

ment is in power, so why should they help the political parties which have failed in the past, when the new rulers might actually be worse than the rapidly losing credibility.

Martial law would end after

the bility to elected representatives and increase local involvement

and increase local involvement in development schemes.

About 460 of the councils, called upazillas and covering an average of 260,000 people, have been set up in rural areas during the past two years, staffed by civil servants from Dhaka but headed by local chairmen.

Gen Ershad has visited 370 but headed by local chairmen.

Gen Ershad has visited 370
of them in the past two years,
talking to councillors, officials
and farmers about practical
problems. He has been developing a popular political image,
which does not come easily to
this withdrawn and sternlooking 55-year-old soldier.
On Monday he wore civillan

On Monday he wore civillan

looking 55-year-old solutions on Monday he work civillan On Monday he work civillan Clothes—grey trousers and a light blue open-necked shirt and pullover—but flew in a khaki Air Force helicopter accompanied by senior officers and sten-gun carrying soldiers all in camouflage battle dress.

Many of the upazilla chairmen have switched their allegiance from old opposition parties such as Awami League and the Bangladesh National Front, to pro-Ershad parties in the Jatiya Front, often in order to ensure a steady flow of the development funds of taka 10m (about £330.000) a year which are allocated to each of them. It is in Nilchiti and the other upazillas that Gen Ershad hopes to establish his political base. The days of the old political The days of the old political parties are over, and their present leadership cannot present leadership cannot deliver anything to the nation. We need a new younger genera-tion," he said.

Anthony Robinson examines the latest study by the Institute of Race Relations

South African survey spotlights apartheid system black school child was R234 against

duces a survey which shines an unpervasive apartheid system.

This year the survey runs to a re-cord 991 pages, a compendium of all aspects of South African life, from trade unions to deaths in detention. from shebeens (illegal drinking dens) to homeland politics, the state of the economy and foreign The survey acts as a social early

form and dialogue. The early signs of growing conflict between black ha, faced with unprecedented forpolitical groups are noted in a 100-political groups are noted in a 100-page section devoted to white, co-for the abolition of apartheid, has

EVERY YEAR the South African as well as the central role of race in Institute of Race Relations protein South African dilemma. Mr Kane-Berman, author of the blinking light on the country's all-most authoritative account of the 1976 Soweto uprisings, believes South Africa is torn between black anger and white fear. There is no

future outside of a practical compromise between them," he says. The Government has lost faith in The Government has lost faith in the apartheid blueprint, he be-lieves, but observes that "when an dreds of laws to back it, has been warning system, carrying this year a special section on changing attitudes towards the Government by the business community and its increasingly vocal commitment to re-

black politics and to the new see that South Africa has moved on to what he now likes to call an era John Kane-Berman, believes its ex- John Kane-Berman is adamant istence is proof of the tenacity of that apartheid is still extensive and the liberal tradition in South Africa, all-pervasive. "Without our report of the institute, and to the new see that South Africa has moved on to what he now likes to call an era ly household incomes in 1984 were tails of the survey. Average month-ly household incomes in 1984 were for coloureds, R1,072 for Asians and the liberal tradition in South Africa, all-pervasive. "Without our report of the institute on a survey like with them," Mr tails of the survey. Average month-ly household incomes in 1984 were for coloureds, R1,072 for Asians and the liberal tradition in South Africa, all-pervasive. "Without our report of the institute on a survey. Average month-ly household incomes in 1984 were for coloureds, R1,072 for Asians and the liberal tradition in South Africa, all-pervasive. "Without our report of the institute of the survey. Average month-ly household incomes in 1984 were for coloureds, R1,072 for Asians and the liberal tradition in South Africa, all-pervasive. "Without our report of the institute, and the survey. Average month-ly household incomes in 1984 were for coloureds, R1,072 for Asians and the low fixed the survey. Average month-ly household incomes in 1984 were for coloureds, R1,072 for Asians and the survey. Average month-ly household incomes in 1984 were for coloureds, R1,072 for Asians and the low fixed the survey. Average month-ly household incomes in 1984 were for coloureds, R1,072 for Asians and the low fixed the survey. Average month-ly household incomes in 1984 were for coloureds, R1,072 for Asians and the low fixed the survey. Average month-ly household incomes in 1984 were for coloureds, R1,072 for Asians and the low fixed the survey. Average month-ly household incomes in 1984 were for coloureds, R1,072 for Asians and the low fixed the survey. Average mo d (mixed-race). Asian and taken to mocking those who fail to

S.African monthly incomes 1984

nobody would know about most of it, except the victims," he says.

In the meantime, the black school population has increased Racial reclassification in 1983 under the Population Registration Act, the linchpin of racial legisla-tion, converted four whites into co-

loureds, 462 coloureds into whites, 15. Indians into Malays and 71 blacks into coloureds, the survey It shows that black workers in the gold mines earned an average of R285 per month in 1983, com-

RI.654 for a white child. The ratio is pendence Mr Kane-Berman has reseven to one, but 14 years ago, be-fore the Government committed itorganised it, raised membership charges and made it virtually selffinancing.

Income from membership has self to raising black educational

standards, the ratio was 18 to one. quadrupled to R335,000 in 15 months with large foreign and do-mestic corporations paying R5,000 for corporate membership and smaller companies R1,500. Individual members pay R40. Business has increasingly recog-

nised the value of the institute's data base and analytical skills in providing the facts for its own appeals to Government for faster progress The institute's continuing exis-

tence is probably one indication pared with RI,586 for white miners.

We publish the figures and the find the strength and the means to that South Africa may be able to data and it is up to our readers to do evolve the kind of complex multiracial partnership towards which it

South Africa, \$26 surface. \$36

WORLD TRADE NEWS

Deng gives Japan tough warning | HK chooses | UK talks key to new steel pact on need to balance trade

The Australian dollar closed

with Australia's union

while money market confidence

unemployment

BY ROBERT THOMSON IN PEKING

Sino-Japanese trade has become a sensitive political matter here, following a series of student protests against China's close links with Japan and, as the students have called it, Japan's "economic invasion."

Mr Deng's warning came during a meeting with a delegation from the Japanese Association for the Promotion of contacts and trade," Xinhua tion for the Promotion of International Trade, led by the association's chairman, Mr Yoshio Sakurauchi.

authorities to "explore ways of nese Government and business developing trade between the two countries, which is by no Countries, which is by no China has taken a tough line means an easy task." on imports since the middle of Diplomats expect that Japan this year, particularly tighten-

S. Koreans link

with Tunisia on

TWO South Korean companies,

Pusan Steel Pipe Industrial and

Samsung, are forming a joint

venture company with the Societé Industrielle d'Acide Phosphate et d'Engrais

(SIAPE), the state Tunisian

company, to manufacture steel

per cent, Samsung 11 per cent Japan \$200m. and the Tunisians 70 per cent. Mr Khan ad

steel plant

By Francis Ghilès

Japan to further their economic contacts and trade." Xinhua

International Trade, led by the association's chairman, Mr Yoshio Sakurauchi.

The Chinese news agency, Xinhua, said Deng told the delegation that it was "of great importance" for Japanese authorities to "explore ways of developing trade between the said to contacts and trade," Xinhua quoted Deng as saying.

"It is all right for China to suffer a deficit in its trade for the first and second years, but certainly not for a third year." He said the Chinese Government will work with the Japanese developing trade between the

on imports since the middle of

Saifullah Khan, said.

The new company will be capitalised at \$10m (£7m), of Switzerland will undertake which Pusan Steel will hold 19 \$400m each and Mitsubishi of plus steel-mill products. Sukab of Sweden and Marco

Pusan Steel will invest an added: "We intend to select a few more, say four additional \$22m to construct a plant near the town of Sfax. near Tunis, and the country's second largest industrial centre."

Mr Khan added: "We intend to year contracts and market and intensive competition.

Pakistan's annual exports are around \$2.5bn while imports are year contracts and we will be

BY MOHAMMED AFTAB IN ISLAMABAD

Pakistan plans to launch

countertrade experiment

PAKISTAN plans to launch a strictly monitoring the progress countertrade experiment which of the experiment."

The Ministry of Commerce has already selected three European companies to undertake countertrade worth \$1bn, the Minister of Commerce, Mr Salim Minister of Commerce, Mr Salim Salimlah Khan said

Mr Khan added: "We intend hit by a declining international

THE Chinese leader, Deng will record a trade surplus this xiaoping, has issued a stern year of around \$6bn (£4.2bn). The chinese officials china's imports from Japan and motor vehicles, for which Japan had been the largest support unless trade between the more than doubled in the first two countries is balanced, half, while exports rose only further economic contacts will be "impossible."

Sino-Japanese trade has become a sensitive political matter berge following a series of the first contacts will be "imports totalled \$7.21bn while exports were \$5.95bn.

Several Chinese officials have the frade deficit.

Numerous articles have

Numerous articles have appeared in the Chinese press recently pointing out that close economic ties with Japan were a tion drive, though the reports have also suggested that bilateral trade will need to be

Students, who have protested in several Chinese cities, have accused the Japanese of dump ing poor quality goods on the Chinese market and questioned the wisdom of closer economic

The protests came in the wake of celebrations to commemorate the 40th anniversary of the end of what is known here as the "Anti-Japanese War."

and to export cotton, garments.

leather, hides and skins, fruit

plus steel-mill products. Some of these items have been

consortium for harbour tunnel

By David Dodwell in Hong Kong THE HONG KONG GOVERDment has chosen the consor-tium that will be awarded the fircely - contested HK\$3bn (£278m) contract to build the territory's second cross-har-bour tunnel, but for "techni-cal" reasons will not an-nounce its decision until tomorrow.

The front-runner to win the ontract is a mainly-Japanese consortium headed by Kumagai Gumi. This consortium recently strengthened its team by incorporating the China International Trust and Investment Corporation (CITIC) as a financial backer, and the civil engineering groups Paul Y of Hong Kong, and Lilley Construction of the

The contract to build the Eastern Harbour crossing, which will link Quarry Bay on Hong Kong Island with Cha Kwo Ling in Kwun Tong on the mainland, is one of the biggest civil engineering contracts being tendered in Asia. The tunnel which will carry road and rail traffic is due to be in use in 1989.

Of the original nine con-sortia that bid for the con-tract only the one headed by Gammon of Hong Kong re-mains a serious competitor to Kumagai Gumi. The Gammon consirtium includes Nishl-matsu and Mitsubishi of

Japan, and GEC of the UK. Hong Kong's Eexecutive Council, the Territory's inner cabinet, yesterday ended months of deliberation when it reached a final decision on placing the contract.

Normally the decision would have been announced immediately. The Government by courier but in a few months Finnay hopes to have an onrefused to specify why delay was necessary, but insisted it line connection. Finnay believes the deal could be worth "tens of millions was due to purely technical of Finnmarks" to itself,

THE IMMEDIATE future of subject to quantitative restric-the wide-ranging four-year steel tions in the agreement. But 1986. It is accepted that the elections, sales restraint agreement the the fear is that an increase in US will not want to be com-lif the UK holds back from

EEC has negotiated with the US depended yesterday on the outcome of talks between the British Steel Corporation (BSC) and the US Trade Representative's Office in Washington.

The UK has withheld endorsement of the agreement. It is seeking an assurance from the Reagan Administration that BSC will be permitted to supply semi-finished products to the high-technology ministration that the products to the FFC as a whole before taken and the products to the FFC as a whole before taken and the products to the FFC as a whole before taken and the products to the FFC as a whole before taken and the products to the FFC as a whole before taken and the products to the FFC as a whole before taken and the products to the products to the product to the p Reagan Administration that BSC will be permitted to supply semi-finished products to the new high-technology minimil owned by Tuscaloosa Steel of Alabama.

Coept BSC supplying 200,000 tonnes in 1986. This would be in addition to the 400,000 tonnes it is prepared to allow the new high-technology minimilateral import safe-guards.

Unless the UK signals final acceptance of the sales restraint agreement, EEC industry minisers will meet in Brussels today to discuss the position. Semi-finished products are not

FINNAV, the Finnish communi-

rights in Britain and France.

The Soviet data bank, com-

pleted this autumn, aims to

cover all the import needs of

the various Soviet foreign trade

organisations. It also lists forth-

coming projects inside the Soviet Union,

Finnay will commence mar-

keting in early 1986. Initially information between Helsinki

and Moscow will be conveyed

navian customers.

sales will prompt the US to mitted to a specific tonnage.

impose import curbs.

So BSC peopletes in Work

ply 250,000 tonnes of semis to Tuscaloosa and increase shipments in the following years.

Already, the US has sus-pended "immediate delivery" privileges which speed Com-munity steel through customs

impose import curbs.

The UK wants to avoid this so that next year BSC can supply 250,000 tonnes of semis to Tuscaloosa and increase shipments in the following years.

The US is understood to which would allow hickensism which would allow higher sales in the event of short supply in

> Tuscaloosa Steel is apparently pressing the Resgan
> Administration to accommodate BSC. It claims that its
> high quality of plate will displace plate imports on the US
> market. In addition the Resgan
> Administration may be recommended.

accepting the overall agreement, then the Reagan Administration would probably be forced to place unliateral restrictions on the whole range of EEC steel sales from January 1.
This would provoke retalia-

tion and open the prospect of a more damaging trade dispute with the EEC than has been seen in recent years.

But the UK has been under intense pressure from its EEC partners not to jeopardise the whole agreement for the sake of

one product. European steel companies, anxious for stability on the US Administration may be sympa-thetic in the hope that this will market, have been urging their

procedures.

bolster the chances of a governments to express disBut the UK is concerned threatened Republican Senator pleasure with the UK.

Airbus to sell 10 A-320s Finns win right to market to US leasing company Soviet data

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT By Oli V. Virtanen in Helsinki

cations and marketing company, has won sole rights to market data bank of the Soviet Foreign Trade organisations, to Scandiliners, worth over \$300m (£214m). Similar agreements will be signed this month with two other companies for marketing

is likely to be signed some time undisclosed further number of GATX agreement.

and overseas.

The second secon

ing group, has achieved another right, and then leases them to breakthrough into the US market, with an agreement from The sirlines thus avoid the ket, with an agreement from The airlines thus avoid the GATX Leasing, of Chicago, for heavy interest burdens involved to Airbus A-320 150-seat air-in equipment procurement.

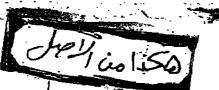
French group in battery venture with Japan

By Paul Betts in Paris

SAFT, the industrial batteries and accumulators subsidiary of the French nationalised CGE electronics and engineering group has signed an industrial joint venture agreement with Japan Storage Battery (JSB) to expand its penetration of the Japanese and Far East markets.

SAFT and its Japanese partner plan to invest FFr 150m (£12.5m) to build a cadmiumtickel accumulator manufacturing plant at Kyoto. The two companies in joint venture, called GS-SAFT, will have an initial capital of Y2bn (£6m).

The French group has been seeking to increase the international range of its business. It has also decided to concentrate on the industrial battery and accumulator sector and recently sold its consumer battery business to a group including Mr Bernard Tapic. French entrepren**eut**,



AIRBUS INDUSTRIE, the curement market. The lessor European airliner manufactur- company buys the aircraft out-

Firm orders for A-320s to date amount to 90 aircraft, but Formal contract negotiations options, letters of intent, and will now begin, and a contract other undisclosed commitments involve the eventual sale of next year. The leasing company another 174 aircraft, including has also taken an option on an the 10 now covered by the

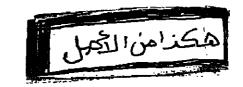
A-320s.

GATX already owns 42 aircraft, ranging from Boeing 747 long-range Jumbo jets through to short-to-medium range Mc-Donnell Douglas MD-80s, which \$380m, (£271m), first announced \$150-seat jet airliners. Worth \$380m, (£271m), first announced \$150-seat jet airliners. it leases to airlines in the US at the Paris Air Show last

It will receive four A-320s in The airline has taken options 1990, four more on 1991 and two on another nine aircraft, all to in 1992, Potential lessees are be powered by CFM Inter-national (Sneems of France and not yet disclosed.

Leasing is a growing General Electric of the US)

phenomenon in the aircraft pro
CFM-56-5 jet engines.



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NW1. Tel: 01-388 5437. LONDON (NW3. NW). Tel: 01-4978 6625, G & B International Ltd., Peckham Rye, SE22. Tel: 01-693 0319, J. Kent Motor Factors Ltd., Complete Telecom Centre Limited, London Bridge, SE1. Tel: 01-378 6625, G & B International Ltd., Peckham Rye, SE22. Tel: 01-693 0319, J. Kent Motor Factors Ltd.,

Communications Solutions Ltd., Kentish Town, NWS. Tel: 01-485 484. Hendon Car Stereo and Carphone Centre, Parson Street, NW4. Tel: 01-203 5225/4160/6706. Laser Telecommunications, Hampstead, NW3. Tel: 01-435 2266. Neasden Electronics Ltd., Dudden Hill Lane, NW10. Tel: 01-459 6669. Neasden Electronics Ltd., Finchley Road, NW3. Tel: 01-431 1872. Deans General Supplies, Edmonton, N9. Tel: 01-803 8288. Car Radio Centre, Euston Road, NW1. Tel: 01-885 437. LONDON (NW) NJC Telecom Ltd., NW9. Tel: 01-205 6334. Cartel Communications Ltd., Mill Hill, NW2. Tel: 01-906 4441. LONDON (SOUTH)
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Unilever appoints new UK chairman

By Tony Jackson

UNILEVER, the UK side of the Anglo-Dutch consumer group, is to appoint Mr Michael Angus chair-man on the retirement of Sir Kenneth Durham in May.

Mr Angus is seen as the third most senior man in Unilever. Together with Sir Kenneth and Mr Florent Maljers - chairman of the Dutch end of Unilever - he sits on the powerful three-man special committee which forms group

Mr Angus, aged 55, has spent his working life with Unilever. His ap-pointment to the special committee in 1984 came as a reward for bring-ing back into profit one of the group's biggest and most troubled subsidiaries, Lever Bros of the US.

The third member of the special committee on Sir Kenneth's retirement will be Mr Johan Erbe, 58, at present a vice chairman of Unilever NV in the Netherlands and chairman of the group's overseas committee. Unilever has tended to alternate the Dutch/English majority on the three-man special commit-tee as a means of maintaining parity between the two sides of the

Mr Erbe's place as head of the overseas committee is going to Mr Patrick Egan, a director of Unilever plc. His promotion is seen as reward for the successful disposal of a number of UK-based subsidiaries. Unilever is also to have its first

American board member, Mr Wallace Grubman. Mr Grubman has spent his career with the US chemical group National Starch, which Unilever acquired for \$485m in 1978 at a time when Mr Angus was group head of chemicals. Mr Grubman is chairman of National

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Big banks drop charges and prompt price war

A PRICE war broke out yesterday between British banks with 15m customers benefiting from the introduction of free banking if their accounts stay in credit.

A year after Midland Bank introduced free banking National Westminster announced the introduction of a similar service, admitting that it has suffered for the first time an absolute decline in the number of its personal customers this year. A few hours later, Barclays and Lloyds responded by also announcing the introduction of free

According to Mr Alestair France, a banking analyst at stockbrokers Laing & Cruickshank: "This will mean a small dip in their pre-tax profits but the banks had to do it to stop losing market share to the building societies and smaller banks. They could not continue to ing current account holders from incur such opprobrium from their

age beer and Players cigarette com-pany, and the Circle K Corporation,

big US convenience stores opera-

tor, yesterday announced a UK joint venture into American-style

The stores, which remain open

outside normal trading hours, are a

growth sector in British retailing

with large companies such as Guin-

has taken over a year to plan,

BY LISA WOOD

'convenience stores.'

Imperial Group enters

BANK CUSTOMER GAINS/LOSSES IN 1985

-60,000 (-40,000 to Midland) +450,000 (Inc. the formerly unba

customers. It was extremely stupid Of these about 40,000 went to Midof them not to have done it earlier." land, the rest to the TSB and some Mr Philip Girle, general manager of the smaller banks. In addition of NatWest's domestic banking divi-NatWest estimates that it has lost sion, estimated that the change would lead to a fall in NatWest's inabout 100,000 new customers with no previous bank account who would have joined NatWest if its come from current account charges spetitors had not been offering from £98m to £80m. About 37 per

However, NatWest estimates that over the last year it has lost about 60,000 customers to banks exemptcharges if they stay out of the red.

cent of NatWest's customers are ex-

pected to pay charges under the

and halts recruitment By Michael Donne. Aerospace Correspondent WESTLAND, the troubled UK helicopter manufacturer, is to cut 742 jobs from its 8,500 labour force, as -60.000 (to Midland/TSB only)

Westland

cuts jobs

part of a cost-cutting drive intended to save up to £15m a year, and ensure the company's survival Further redundancies are not ruled out. The job losses will be accompan-ied by a policy of no recruitment, a temporary halt to company contributions to the pensions fund and a reduction in overhead costs by cutting fringe benefits. Other plans include more competitive buying

from outside suppliers, a drive for higher productivity and more cost-effective design.

Difficulties have been caused by tended their free banking provi-sions further than NatWest, to cusa lack of new orders. This position could continue until the new Anglocount balance over the charging pe-Italian (Agusta) EH-101 military and civil helicopter enters produc-tion towards the late 1980s.

Mr Hugh Stewart, Westland Group chief executive explaining the redundancies said the first priority was the survival of the compa ny. Our helicopters are not compet-itive in price. Government pricing policies are threatening margins in every activity," he said.
"The company has invested heav

ily in new product development and BRITAIN'S gold and foreign cur-in capital expenditure and needs to rency reserves fell by \$334m in improve profitability and cash flow rency reserves fell by \$334m in improve profitability and cash flow November, the Treasury said yes-in order to obtain the finance re-terday. At the end of the month, the quired to secure the future."

> copter manufacturers.
> Peter Riddell writes: The attempt to arrange a European rescue pack-

senior Tory MPs. Ministers were trying to play

down the significance of the sug-Officials stressed that the under-lying change in reserves from one month to the next was the result of with the alternative of a joint ina "variety of transactions" and vestment by Fiat of Italy and should not be taken as a guide to Sikorsky of the US which is appar-the vigour of the Bank of England's ently favoured by Westland itself. intervention in foreign exchange After intensive discussions,

mong several Whitehall depart-The underlying decline in both ments it was pointed out that the October and November was much choice between these options was a ments it was pointed out that the larger than in previous months and matter for the Westland board to make and ministers outside the ent with increased intervention in Ministry of Defence took no view the wake of the Group of Five fi-

Thatcher pledges to strengthen control over City of London

BY PETER RIDDELL, POLITICAL EDITOR The Prime Minister stressed that

MRS MARGARET THATCHER. the Prime Minister, last night steps already taken had improved pledged measures to strengthen the effectiveness of the prosecution and extend the system of regula- of frand but warned of problems of tion" in the City of London. But she providing evidential proof to secure refused to go beyond the mixture of prosecutions. She said this was why statutory powers and self-the Government thought it impor-regulation to be proposed in the Fi-tant to add the knowledge and comnancial Services Bill expected in a mitment of the leading financial or-

She was replying to a letter from Mr David Steel, the Liberal Party leader, expressing concern about standards of behaviour in the City and calling for a revision of the bill. "I would appreciate knowing as a matter of urgency the strength of

Mrs Thatcher said she shared Mr Steel's concern at the damage the steps which you intend to take which the missma of rumour which people could do to the reputation of the City. She said the new mea-sures would be to ensure that traditionally high standards are proper-ly maintained in the new trading tems which are emerging. .

Mrs Thatcher, warning against condemning the bill before it has been published, said that a policy document last January had indicated the Government's determination utory powers and self-regulatory expertise and effort."

BL cars set sales record in Spain

AUSTIN ROVER'S sales in Spain are rising so strongly that the BL subsidiary is pressing for a substantial increase next year in the number of cars it can export to that country at a reduced writes. Kenneth Gooding writes.

In November, Austin Rover sold 662 cars in Spain, against 125 in the same month last year. It was the highest monthly total the UK group has yet achieved. For the past three months in succession, the UK company has been the leading car inporter in Spain.

Mr Peter Johnson, the company's director of export sales, pointed out yesterday that the November record represented an annual sales rate of about 8,000 compared with the 4,000 which Austin Rover was allowed to ship at reduced duty rates in 1985.

Minister for an assurance that re-"We want a minimum lower-duty quota of 7,000 for 1986," he added. That is not asking much, consider ing that Spain will ship over 100,000 sure that financial wrongdoing in cars to the UK this year and pay only a very low rate of duty.

the City is detected and prosecu-tions follow, where appropriate." PRUDENTIAL, Britain's largest life assurance company, has en-tered the house mortgage market, aiming to provide up to £1.5bn of advances in the first year of operation.

🛘 MR JOHN BIFFEN, Leader of the House of Commons, dismiss claims that the Government had "rubbished" a Church of England report on the inner cities before ninisters had seen a copy. Mr Biffen left MPs in no doubt,

however, that the Government regarded the report as the work of political innocents and had no intention of acting on its recommendations.

Inner-city decay, Page 9

II MARKET FORCES should decide which of the four proposals to build a privately-financed fixed link across the English Channel would go ahead, says a report by stockbrocers Phillips & Dre

The British and French governments expect to announce by the end of next month which of the plans, if any, will be allowed to proceed. The schemes must be entirely funded by the private sector.

EuroRoute, one of the groups

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stores joint venture by \$334m

> franchised outlets. No details of the capital outlay have been disclosed. Sites for the stores are being sought although some existing Imperial outlets, such as its Finlays newsagents, could be converted i

ness, the brewing and retailing group, opening similar outlets in the last few years. The partnership between Imperialready handled 75 per cent of these goods through its other retail Brewing and Leisure, a division of the Imperial Group, and Circle K

outlets in Japan. The entry into Britain is the start of expansion plans in Europe with Imperial Brewing and Leisure having the Mr Michael Pickard, chairman of first right of refusal on other Euro

THE IMPERIAL GROUP, the Cour- concept work in Britain." The group plans to open at least 100 Circle K stores in Britain in the next five years under direct owner-

> they are big enough.
>
> They will be open up to 16 hours a day, seven days a week and stock over 2,000 products. Imperial said it

Circle K operates more than 3,100 stores in the US and also has 250 Imperial Brewing and Leisure, which controls over 6,000 retail out-lets including public houses, newsagents and beer, wine and spirits shops, is providing 75 per cent of Imperial Brewing and Leisure, said: "We know that the convenience

pean continental ventures.

Earlier this week the Imperial store is one of the most important innovations to hit the retail scene.

With our experience in retailing we are in an ideal position to make the wimpy, Pizzaland and snack foods group.

riod is £500, even if their account is temporarily overdrawn during the period. reserves fall

reserves stood at \$15,976m - well In the meantime, Mr Michael above the average level in recent Heseltine, Defence Minister, has years on account of the boost received in October by the Governmeasures with other European heli-

International

-36,000 (-24,000 to Midland)

free banking.
Barclays and Lloyds have ex-

tomers whose average current ac-

ceived in October by the Govern-ment's \$2.5bn floating rate

borrowing and repayments, the un-derlying fall in official reserves last ticism within Whitehall, and among month was \$201m. November was the fifth month in succession in which the underlying total declined.

would therefore have been consistnance ministers' meeting at the end Fiat-Sikorsky of September.

Mr Steel said that pre viously Mrs to see a strong combination of stat- Thatcher had made it plain that the police would be given all the re-sources they required to deal with the demands of law enforcement. "I believe that this will be the most effective guarantee that high He hoped that the same commitstandards will be in force, with the ment applied to rooting out the fimaximum scope for honest enter-prise," she said.

NEI forms European

railway engine link

BY IAN RODGER

ageing fleet. NEI has formed a consortium with Brown Boveri of Switzerland and Krupp of West Germany to manufacture locomotives in the UK. The consortium believes the German-Swiss technology may ap-peal to BR, which has been critical of the performance of its Britishmade locomotives.

freight locomotives is old. More erating on BR and those manufac-than 90 per cent of them were built tured elsewhere.

NORTHERN Engineering Indus-tries (NEI) is to enter the diesel-1952. Sir Bob Reid, BR's chairman. electric locomotive business in the said last March that the railway exhope of benefiting from British pected to buy about 850 diesel Rail's ambitious plans to replace its freight locomotives over the next 25 years to replace its outdated

ganisations in the City to the new

Mr Steel said he doubted whether

self-regulation of the City would be

adequate "in order to settle wide-

now surrounds respected City insti-

Mr Steel also asked the Prime

sources will be made available to the Director of Public Prosecution's

Fraud Investigation Group "to en-

spread doubts on this matter."

enforcement syste

tutions," he said.

equipment.

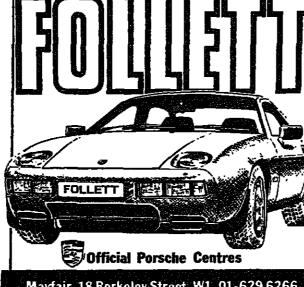
Sir Bob was highly critical of the existing UK manufacturers, which include BR's own subsidiary, British Rail Engineering (Brel) and two private sector companies, GEC and Hawker Siddeley.

He said there seemed to be a gap between the performance, availabil-BR's fleet of 2500 diesel-electric ity and reliability of locomotives op-the English Channel, said yester-reight locomotives is old. More grating on BR and those manufac-day that its scheme would create

wanting to build a fixed link across 8,000 jobs in Scotland.

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Company Notices

MONTAGU FUND

Siège social à LUXEMBOURG. 14, rue Aldringen Amendment of the pame of the Fund and of the management regulations.

Based on certification of 117
GROUP FUND MANAGERS S.A.,
Luxembourg, as management company, and of BANQUE GENERALE
DU LUXEMBOURG, S.A., Luxembourg, as depositary bank,
pursuant to article 13.1 of the
management regulations, the name
of the fund was changed to

LUXEMBOURG, S.A. Luxembourg as from 15th January, 1986.
Share certificates which have not been overstamped by 15th February, 1986 will no longer be considered as good delivery by the Luxembourg, 28th November, 1985.

117 GROUP FUND MANAGERS S.A.

AMERICAN GROWTH Fonds Commun de Plac

> MIM AMERICAN **GROWTH FUND**

Consequently, the management regulations of the Fund are amended by replacing MONTAGU AMERICAN GROWTH FUND wherever such name occurs, in the management regulations. by MIM AMERICAN GROWTH FUND. Shareholders can have their share certificates overstamped at: **BANQUE GENERALE DU**

société anonyme de droit luxembourgeois

The state of the s

HILL SAMUEL OVERSEAS FUND

Company Notices

S.I.C.A.V. Luxembourg, 37, rue Notre-Dame R.C. Luxembourg B 8,422

Notice of Annual General Meeting Notice is hereby given that the Annual General Meeting of the Share-holders of Hill Samuel Overseas Fund, a S.I.C.A.V. organized under the laws of the Grand Duchy of Luxembourg the "Fund"), will be held at the offices of Kredictbank S.A. Luxembourgeoise, 43, Boulevard Royal, Luxembourg, 2.30 p.m. on December 13th, 1985, specifically, but without limitation, for the

Submission of the reports of the Board of Directors and of the Statutory Augment of the Balance Sheet and the Profit and Loss Statement and appropriation of the results as at September 30th, 1985.
Discharge to be granted to the Directors and to the Statutory Auditor for the proper performance of their duties for the period ended September 30th, 1985. Receipt of and action on nomination for election of Directors and of the study Auditor for a new statutory term.

Any other business.

Approval of the Items of the Agenda will require no quorum and the affirmative vote of a majority of the shares present or represented at the Meeting.

Subject to the limitations imposed by law and the Articles of Incorporation of the Fund, each share is entitled to one vote. A Shareholder may act at any Meeting by proxy.

By order of the Board of Directors

KIRSH TRADNG GROUP LIMITED PECLARATION OF PREFERENCE DIVIDENDS

DECLARATION OF PREFERENCE DIVIDENDS

NOTICE IS HEREBY GIVEN that the Board of Directors has declared the following proference dividends payable on 31 December 1985 to those professors developed the professors of the company at the close of professors the company at the close of the payable of the company at the close of the payable of the company at the close of the payable of the company at the close of the payable of the company at the close of the payable of the company at the close of the company at the close of the company at the close of the payable of the company at the close of the company at th

Dividend No. 20 of 8.875 cents per share for the six months ending 31 December 1985.
These dividends are declared in South African currency and dividends asyable from the London Office will be paid in United Kingsom currency ackulated in the rate of exchange ruling between Rand and Storling on 11 Storling on 12 Storling

Provinsbanken DEN DANSKE PROVINSBANK A/S

U.S. \$60,000,000 Floating Rate Capital Notes 2000 For the six month period 4th December, 1985 to 4th June, 1986 In accordance with the provisions of the Notes, notice is hereby given that the rate of interest has been fixed at 8 per cent per annum, and that the interest payable on the relevant interest payment date, 4th June, 1986, against Coupon No. 1 will be U.S.\$211.70. S.G. Warburg & Co. Ltd.

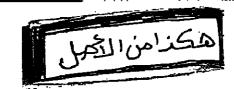
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Financial Times Wednesday December 4 1985



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8

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UK NEWS

recalled to GM luxury car division

BY KENNETH GOODING, MOTOR INDUSTRY CORRESPONDENT

for the past 21/2 years has supervised a £90m major rationalisation programme at the Bedford commercial vehicle organisation in the UK, has been promoted within the General Motors group and called back to the US.

GM said yesterday that his successor as chief executive and gen-eral manager at Bedford would be announced shortly. This suggests another American will be appointed once UK work-permit technicalities

have been cleared away. Mr Battenberg, 42, has become product manager of GM's Flint luxury car group, part of the new Buick-Oldsmobile-Cadillac group,

He joined Bedford in April 1983 from General Motors Continental, Antwerp, where he had been managing director for three years

He took over in the UK shortly after Bedford had been separated from GM's Vauxhall car business and became part of the US group's

MR J. T. BATTENBERG III, who Luton, north of London, have been consolidated from 13 to two buildings, a new paint facility has been installed and lines set up to produce two light vans based on Japanese designs: the Midi (based on an Isuzu vehicle) and the Rascal (from a Suzuki design).

Bedford's truck capacity at Dun-stable, also north of London, has also been reorganised from four into two buildings, and capacity reduced from 50,000 to 30,000 vehicles a

This expensive transitional phase in Bedford's history - Mr Batten-berg describes it as one of the finest examples of industrial regeneration to be found anywhere in the industry" - has contributed to the company's huge losses: £62.4m last year compared with £53.2m in 1983.

Bedford set itself a target of re-turning to operating profits next year, but Mr Battenberg recently admitted that the organisation would have great difficulty meeting

Mr Battenberg joined GM in 1961 and spent most of his career with world truck and bus organisation, based at Pontiac, Michigan.

Since then, at the cost of about £50m, Bedford's van operations at

Bedford truck chief | Companies 'unaware of venture capital' FINANCIAL TIMES BY WILLIAM DAWKINS VENTURE

BRITISH INDUSTRIAL companies pay scant attention to venture capital by comparison with their US counterparts, Ms Sue Lloyd, editor of UK Venture Capital Journal, said Speaking on the final day of the

FT/British Venture Capital Association Financial Forum in London, Ms Lloyd pointed out that US corporations had for long used venture capital investment to gain access to new technologies. Increasingly, they were taking the process a stage further by forming joint ven-prese with such businesses. tures with such businesses

Last year, for instance, US corporations made 195 strategic investments in venture backed companies. In the UK, however, some large companies did not seem to be aware of what venture capitalists

were doing.

Ms Lloyd pointed out that inde-pendently managed British venture capital funds - the fastest-growing the industry - had raised sector of the industry – had raised £750m since 1979, more than half of which came in since the beginning of last year. About 40 per cent of the total came from pension funds, the largest investors in the field, though insurance companies were playing an increasingly important part in risk investment, she said.

About £630m had been investe

in venture capital – excluding most

.CONFERENCE of the placings made by \$1 - in the three years to the end of 1984, of which £285m was disbursed last year alone. Individual investments were getting larger and more funds were going raises and mass nines, were following specialist invest-ment strategies. Ms Lloyd said that 14 of the 18 new venture capital funds to have been launched this year were focused on specific indus-

CAPITAL

trial sectors.

The forum is designed to permit young companies to make presenta-tions before an audience of potential investors and corporate advis-ers. Mr Colin Clive, managing director of the venture capital group Thompson Clive & Partners and vice chairman of the BVCA, said that 20 of the 42 companies to have appeared in the previous two for-ums had since raised further finance. Five of those attributed this to their appearance at the forum. Three had since achieved public quotations, while two had been taken over and two had gone into re-ceivership. Thirteen companies made presentations yesterday.

Minister rejects cut in **EEC** import quota

BY KEVIN BROWN

AN INCREASE in the EEC production quota for British sugar beet cannot be obtained at the expense of a cut in the import quota for cane sugar from outside the Community. Mr John Gummer, the Minister of Agriculture, insisted in the House

Mr Gummer said it was quite clear, however, that the production quota did not reflect historical pro-duction levels.

posed EEC support arrangements for sugar and starch, which have provoked a bitter dispute between British beet producers and refiners

of imported cane sugar.

Mr Gummer faced frequent interruptions in a debate on the Community proposals from MPs concerne that a cut in cane imports might affect jobs at Tate & Lyle's refinery at Greenock in Scotland. Other MPs were pressing hard, however, for an increase in the British beet quota, for which the beet producer British

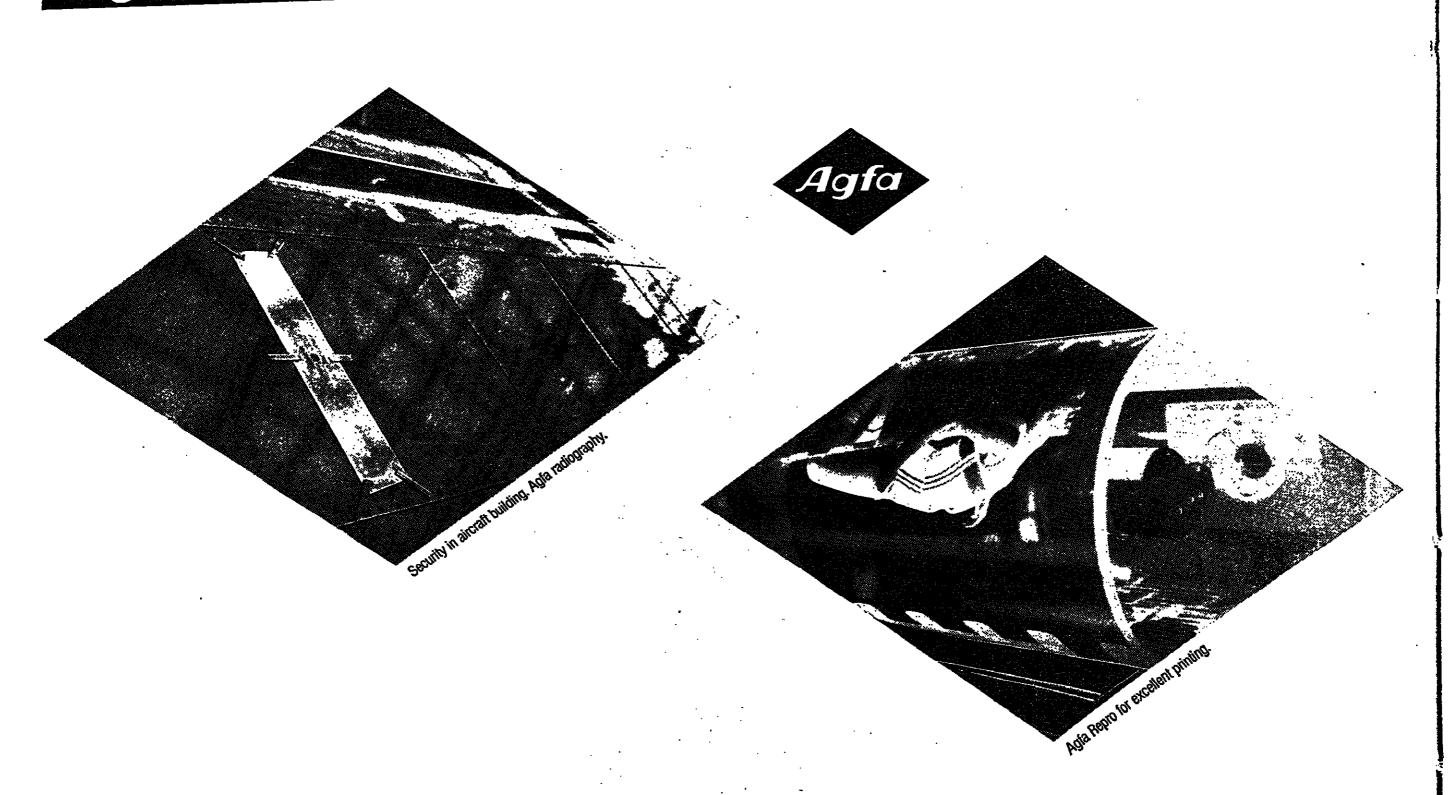
Sugar has been campaigning. There was also strong opposition on the Labour benches to any reduction in the Community's imports of cane sugar, which it was feared would seriously damage producing

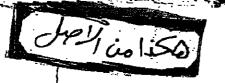
Some business travellers

will change neither hotel nor newspaper. That's why they are particularly happy to find complimentary copies of the Financial Times at the following hotels in Paris: Bristol, Meurice, Commodore, Lancaster, Crillon, La Pérouse, Grand Hôtel, Westminster, La Trémoille, Royal Monceau, Sofitel Bourbon, Montparnasse Park, Inter-Continental, Concorde Lafayette, Holiday Inn

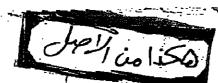
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UK NEWS

ARCHBISHOP'S REPORT SHOWS DETERMINATION TO BE INVOLVED IN 'REAL WORLD'

Inner city deprivation deepens

THE ARCHBISHOP of Canterbury's commission of inquiry into the state of Britain's decaying inner cities concludes: "We have found faith in the city," which is remarkable given the unrelenting picture of deprivation, misery and abject

poverty painted in its report.

Dr Robert Runcie set up the commission in July 1983 under the chairmanship of Sir Richard O'Brien, former chairman of the Manpower Services Commission. The reports conclusions imply a deep and comprehensive criticism of both government and church

In many ways the report details what is already well recognised and mirrors many of the findings of the government policy document on the inner cities published in 1977. But its wide-ranging and careful scrutiny, on the lines of a royal commission, is important both for the fact that it represents a new determination by the Church of England to in-volve itself in the "real" world and for its party political independence – an independence which would have been greatly enhanced if the 17-member commission had been drawn from a wider and less predic-

The team visited many inner city areas including all those which suf-fered riots in 1981-82 and earlier

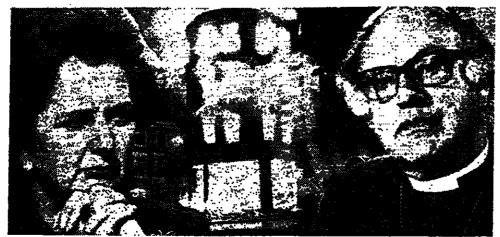
tably unanimous spectrum of the

It is not a simple story of eco-nomic decline and physical decay in the inner city. It is a more complex story of mismatch between people, skills, housing and jobs which planning failed to overcome and the economic recessions of the later 1970s exposed and exacerbated," they

The report echoes fears most recently attributed to the Prince of Wales when it warns of growing inequality leading towards two na-tions - inequalities in life chances, income, housing, education, public services and the general level of civ-

"Moreover and more alarming, the migration of people and the movement of capital, employment opportunities, private enterprise, and voluntary effort is increasingly away from the urban districts," it

"The process is one of deprived people being left as the successful move out to middle Britain. The former have decreasing wealth, ment and amenity; the latter have



Mrs Thatcher (left) and Archbishop Runcie differ sharply on ways of halting inner city violence

Before looking at various socio-economic aspects of the problem, the report looks at what is wrong within the church, traditionally a bastion of the middle classes.

The commission is in no doubt that the Church of England must put its own house in order, noting that the church has a clear Christian duty to respond to the situation facing the poor in the inner cities. It can hardly be said that the church is yet making this a high priority. The church, like the na-tion amears for the most part in he

tion, appears for the most part to be pursuing its concerns and managing its life as if these patches of acute need did not exist. The theological debate then enters controversial territory, discussing whether the Church of England must confine itself to personal charwhether it can legitimately involve itself in social and political action the sort of liberation theology which has caused considerable anx-

taken up by the Roman Catholic The report argues that church ac-tion should embrace both while admitting that thus far "we have little tradition of initiating conflict and coping with it creatively. We are not at home in the tough, secular milieu

iety in the Vatican as it has been

of social and political activism." itment to social action is com-with a key recommendation enterm objectives but it is unacbined with a key recon

rising affluence, opportunity, power and advantage: in one ugly word polarisation."

Before looking at various socioned by the continue to question the morality of should fall hardest on those least economic policies in the light of able to bear them. It calls for the Government to their effects."

Local authorities in the inner ur- give the inner cities a "vote of confiban areas have lost far more through reductions since 1979 in rate support grant (government first and foremost to demonstrate subsidy) than they have gained in this confidence through a sustained the urban programme and claims programme of public investment on nt ministers, notably Mr Kenneth Baker, Environment has happened in the docklands Secretary, about large increases in areas of the urban development cor cash for specific programmes to aid porations. In this way it will give

quite different picture. Urban aid increased substantially in real terms in 1982-83 and 1983-84 when Mr Michael Heseltine, then Environment Secretary, persuaded the Cabinet to make a serious effort after the urban riots. But urban aid fell by 7.5 per cent in real terms in 1984-85, fell again by 4.3 per cent in the current year and is planned to fall again in real terms in each of the next three years, unless a policy switch changes the plans in the public expenditure White Paper (policy document).

The commission reserves some of

its most stinging comments for the We believe too much emphasis is being given to individualism and not enough to collective obligation." "It is by their outcomes that macro-economic policies must be judged. We are united in the view with the continuing growth of un-It is clear, from the Archbishop's employment, are unacceptable in endorsement of the report, that this their effect on whole communities is the path now to be trodden. A and generations. A degree of hard-

both current and capital account, as urban areas since 1979 conceal a greater confidence to the private sector to invest."

The report also calls for in-creased child benefit, higher income support for the unemployed the tax and benefit system, restat-ing the traditional arguments of both the so-called poverty lobby and a range of bodies from the Institute for Fiscal Studies to sections of the Conservative Party.

All these demands, coupled with the call for more public housing, are contrary to government policy which is to restrain public expendi-

This brings the commission to a vexed subject - the church as property owner, landlord and investor through the Church Commission ers, a deeply conservative organisa-tion about whose approach there is growing concern within the Church of England and without.

The commissioners have a prop an equity portfolio of about £700m. Faith in the City: £7.50; Church House Publishing, Dean's Yard

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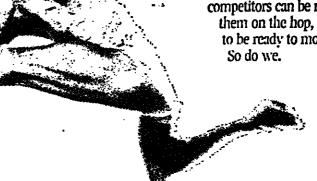
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IT LOOKS as if an historic turning point has been reached in one of the great industrial

battles of our time.
The battle is between Caterpillar Tractor of the US, the dominant force in the huge world construction machinery industry for half a century, and Komatsu of Japan, which has come from nowhere in the past 20 years to pose a real challenge to Cat's supremacy.

For the past ten years, Komatsu, like many Japanese manufacturers, bas advanced on its US rival with increasing speed and ease, while Cat has stum-bled and floundered, seemingly unable to find effective ways of

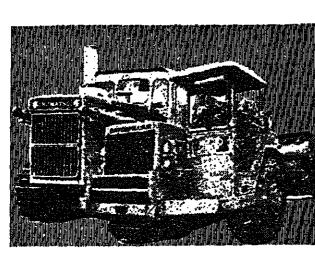
The gap in performance has been especially wide since 1981. Cat's revenues sank from \$9.2bn in 1981 to \$6.6bn last year, and the company piled up over \$1bn in losses. Meanwhile, Komatsu has maintained its sales volume at just over Y700bn (\$3.4bn) and suffered only a one-third slide in its profits.

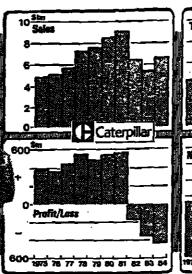
But change is in the air. After major management and pro-duction overhauls, Cat has re-turned to profit in recent months and is aggressively defending its position. "We are going to stay number one in this industry." says Don Fites, the group's new executive vice-president for marketing. "The only way we can lose is if we mismanage the

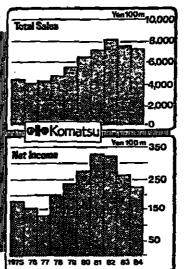
Perhaps more important. Komatsu is signalling that it is no longer very interested in the fight. Shoji Nogawa, the group's president. suggested last president, suggested last month that the construction equipment industry is now too weak to sustain a cut-throat battle between the two giants. produced."
If companies have excess energy, he says, they should put it into other businesses that have strong growth prospects, as

"I am not all that interested for example, the concentration of Komatsu's production in two," Nogawa says. "What is important is to have enough of a share so that we can exist and co-operate in this market. If we of trade friction between Japan

This is a very different tune from that sung by Komatsu four years ago. At that time, Ryoichi Kawai, then president and now chairman. Was saying things like, "we eagerly want to catch up with Caterpillar by modelling following the recent rises in the ourselves on them." And the company did not discourage suggestions that its "maru-C" quality circle programme was in fact, a strategy for encircling for the st







Komatsu calls for a ceasefire

Ian Rodger on the Japanese group's surprising keenness to co-operate with Caterpillar

the existence of such a strategy.
"We have no intention of taking
on Caterpillar and fighting them
like an enemy until one of us like an enemy until one of us falls. What is important to both Caterpillar and Komatsu is our customers. It is not business-like to put them aside, just to fight each other. The kind of thinking that says, 'If we do not get them, they will get us,' is what Japan used in the Second World War, and look what that produced."

It remains to be seen whether these peace overtures will be re-flected in the marketplace, but there is little doubt that im-Komatsu is doing, rather than portant changes in the relative into endless battles for market strengths of the two industry

leaders are occurring. For example, the concentratake a combative attitude, it will be very difficult to survive, because total demand is not grow-ber of barriers to its exports. In gat 10 per cent a year as it Earlier this year, for example, European Community slapped a 26.6 per cent dump-ing duty on its Japanese made

quality circle programme was in the occurring factories in one countries outcat. on the occurring factories in one countries outside of the US and is trying to

Also, Japan is unlikely to en-

cost producer in the future is going to have to shop the world for low-cost components and maintain assembly in various places," Fites predicts.

It has also become clear that Komatsu's remarkable stamina in the past four years, a period in which the entire construction equipment industry has been in a deep slump, was in no small measure due to the boycotts and embargoes on sales of US goods in Iran and the Soviet Union.

nion.
For Komatsu, this created an ing up."

According Even before these latest unexpected bonanza. According to estimates by stockbrokers Merrill Lynch, 30 per cent of Komatsu's Y377.9bn of exports in 1983 went to those two countries. Now Cat is back in both areas. Earlier this month, for example, it won an \$80m contract for pipelayers and bull-dozers in the Soviet Union. And Komatsu's performance has de-clined. Last year, its exports to Iran and the USSR were down by two-thirds and one-third res-pectively, according to Merrill

Caterpillar also stands to gain Caterpillar also stands to gain from the fall in the value of the dollar. Until recently, more than three-quarters of its machinery was made in the US, and the company has been a vociferous critic of the strength of the yen and US policy.

duction quickly from one to another to take advantage of
changes in terms of trade. "Anyone who is going to be a low even though the rate then was
cost producer in the future is
going to have to shop the world
for low-cost components and
complaint about exchange rates,
complaints about exchan was 173 yen to the dollar. "It goes beyond our understanding why they are making such a big thing out of this. Perhaps in the past, we were not very

good in terms of our techno-logy and marketing abilities, but we are not fools. We worked hard and brought our products up to date. I do not say we have caught up with Caterpillar yet, but we are in the stage of catch-

changes both companies had been in the process of reassessing their strategies for the future. Both have recognised that the construction equipment industry is now mature and perhaps even in decline. Cat has concluded that it

should intensify its commit-ment to the construction equipment industry. Company offi-cials believe they still have the lead in two crucial competitive factors: technology and distribu-tion. They feel they need lower costs and they have closed sev-eral plants and eliminated more

Nogawa is scornful of Cat's strength has lain in very large challenge for the next few years and collaboration?"

Today, Nogawa flatly denies become adept at shifting pro- complaints about exchange rates, earth-moving machines but the markets for them are depressed. ines for housebuilding and smaller public works projects is stable. The company has just developed its own backhoe loader and, in a break with past policy, has commissioned other producers to make a number of machines for it, including excavators, paving machines, and

logging equipment.
Komatsu, on the other hand, is pursuing an aggressive diver-sification policy. Non-construca target of over 25 per cent for over trade, many measures may 1990. He has even mentioned a be taken against us which 50 per cent figure as a longer would hurt our dealers."

on its own wide experience of he seems to be saying, for those automating production, is aim-who have to close factories or than 25,000 jobs in the past four than 25,000 jobs in the past four years.

They also believe they need give up one business to develop a wider product range not least to help out their hard-pressed it wants to widen its product to help solve the problem. "What vision they have is give up one business to develop very important. Will they try a wider product range not least to their," Nogawa says. Like Cat. to steamroller the industry and to help out their hard-pressed it wants to widen its product be the lone survivor or will their strength has lain in very large challenge for the next few years and collaboration?"

will be to insulate itself from

trade frictions. Even given the strong Japanese preference for concentrating production at home, it is nevertheless difficult to understand why Komatsu has been so slow to develop factories abroad, particularly in the US where it now sells over \$300m a year worth of equipment. One of the reasons Cat still sets the industry standard in distribution is that, in an emerg-

ency, it can call on plants all over the world to supply parts. And it is surprising that Komatsu, which has imitated Cat in so many ways, failed to recognise the importance of this diversity of supply.

Early this year, when Komatsu finally did make a move, it was only to set up a small \$16m factory in Tennes-see. Cat official scoff that this is a smaller investment than many of its dealers have in their businesses. In Western Europe, Komatsu

has toyed with the ideas of joint ventures with various producers, or setting up on its own, for some time. "A year has passed since I thought I should make an immediate decisnould make an immediate detri-sion on this." Nogawa admits.

In fairness, it is not an easy decision to make. Nogawa knows that as soon as he opts to locate in one European coun-try, there will be resentment and opposition in the others. Also, European markets are highly fragmented.

Nogawa says the two joint ventures about which there have been rumours—with Terex and Northern Engineering In-dustries, both in the UK-are "not active at the moment," but he remains open to collabora-tion deals. Whatever he does. tion equipment business tion deals. Whatever he does, accounts for 18 per cent of its he knows he has to move fairly sales today and Nogawa has set quickly. "Because of tension

term goal.

These targets are not as ambitious as they may seem, their new strategies. While it Komatsu has long had strong is difficult to forecast the repositions in two other manufacturing husinesses large sheet. turing businesses—large sheet on is that they will remain metal presses for the motor strong while the smaller comindustry and specialised panies will get weaker.
machine tools, such as crank-Perhaps that is why Nogawa
shaft milling machines. Recently is so outspoken about the need it has widened its machine tool for a less pugilistic environ-lines, added robots and, based ment. It will be hard enough, ing to be a major supplier in abandon the business because of the factory automating business. the chronic problem of over-

Management abstracts

Lie detectors fall the truth test. B. Kleinmuntz in Harvard Business Review (US). Jul/Aug 85 (3) pages)
Explains how lie detectors
work and examines their record of success: concludes that there is very little evidence to justify their use in business, and argues that when they are used

they poison the corporate climate and spoil whatever mutual trust may have existed. Doing business with the State.

siderations apply to doing ousiness with government departments or agencies, particularly with regard to competitive tendering. Offers three checklists or aspects to consider (1) before a decision is taken to go for such business; (2) before starting work on tender documents; (3) before actually tendering. dering. Safety in construction.

Dawson plus others in Journal of General Management (UK), of General Management (OK),
Summer 1985 (17) pages)
Considers why construction
activities are four times more
dangerous than those in manufacturing industry; points to
contributory factors, such as
the place/nature of work, the
organisation of activities, the
use of subcontractors, and workforce attitudes Suggests the use of subcontractors, and work-force attitudes. Suggests the major weaknesses in current approaches to health and safety revolve around creating an atmosphere which is safety conscious, adopting the codes of practice laid down, and moni-toring/adapting standards; indi-cates that attitude rather than knowledge is the key obstacle to

improvement, and that work-force/union apathy on safety matters needs to be overcome for progress to be made. Locating new customers profitably. S. Pearson in Direct Response (UK), July 1985 (2

pages) Argues that the creative use Argues that the creative use of a company's own marketing database is better than using commercial data to classify socio-economic neighbourhoods. Suggests it is simplistic to expect one classification system to target every conceivable market segment: far better to the contract of the know your customer as an individual. Lighting controls. J. O'Neill in

turning them off; examines— with the use of case examples— the cost-effectiveness of three the cost-energia automatic control systems. Portsmouth City Council estimates to have achieved almost 40 per cent reduction in their annual costs, thanks to their annual costs, makes to time switching; the City of Bradford Metropolitan Council achieved similar savings through daylight linking; and Ayon Cosmetics registered sav-

ings of one-third by adopting localised lighting. Notes the payback periods.
Moving heavy loads. Health and Safety at Work (UK), July

1985 (1) pages)
Reports four fatal accidents
involving the handling of heavy Doing business with the State.

D. Burger in Absatzwirtschaft (Fed. Rep. of Germany), May 85 (3 pages, in German, English version available) Stresses that special considerations apply to doing business with government depart. method of work induced instability which caused toppling. Stresses the need to assess all hazards beforehand and to plan the method by gauging the weight, plotting the route weight the right. route, using the right equip-ment, and providing experi-enced supervision.

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BUSINESS PROBLEMS

BY OUR LEGAL STAFF

Christmas

parties

LAST year you ran an article LAST year you ran an article on Christmas parties stating that the tax man would regard £35 per head as modest. Have you any news regarding this year's guideline?

The situation is outlined in an Inland Revenue proces release.

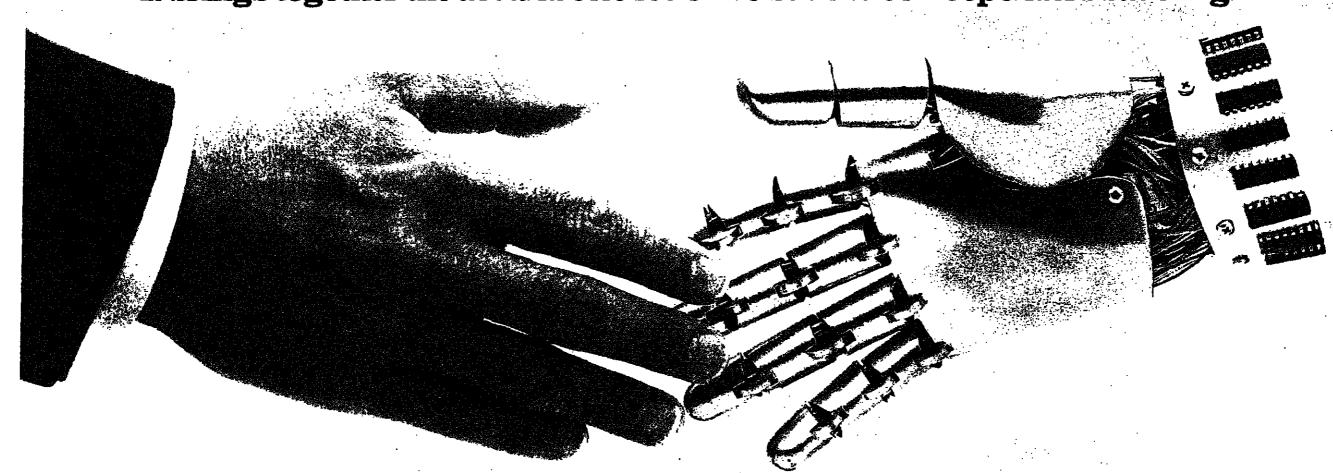
Inland Revenue press release of October 26 1984 (Christmas parties), which may still be obtainable from the Inland Revenue Press Office. Somerset House, Strand, London WC2R

1LB In part it says that tax offices will treat expenditure of some £30-£35 per head per annum as modest and if such spending is at the lower end employers will not need to return form P11D.

Facilities (UK), July 1985 (3 No legal responsibility can be pages)

Makes the point that while the answers given in these columns, people are good at turning on All inquiries will be answered by lights, they are not so good at post as soon as possible.

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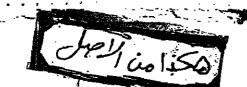
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CHINA'S ECONOMIC REFORMS

The doubts start to grow

By Colina MacDougall

CHINA'S reforming leader Deng Xiaoping and his supporters are still firmly in the saddle in Peking—despite a year of economic disasters. But they have been forced on to the defensive, their opponents have become more vocal, and their policies at least temporarily have sharply altered course.

Officials continue to say there is no change in the reform programme or the "open door" policy. Problems were expected as a result of such radical changes and time is needed to sort them out. But the setbacks have given the conservative Marxists in the party at least the momentary chance to attack the reforms and undermine the idea of "getting rich" which has been so important a factor in raising China's productivity in recent years.

There is no shortage of ex-

amples of the current problems. No speciacular cancellation of contracts in foreign trade has little new business is being done been announced but there is a at present. Some corporations marked go-slow on imports which some businessmen expect to last well into next year. The urban economic reform relaxing central control—an-nounced in October 1984 has been trimmed. Plans to open up 10 cities last year to foreign investment have been modified. and the future of Shenzhen, leader among the four Special Economic Zones, is currently

under close scrutiny.

For the second time in five For the second time in five years, Peking's reformers have by relaxed central planning unwittingly provoked a disastrous fall in foreign exchange reserves and excessive industrial growth. In 1981 similar problems forced postponement or cancellation of hundreds of millions of dollars of foreign contracts.

Psychologically, the crisis is

worse this time since Deng Xiaoping's reforms have generated corruption and fraud as well as serious foreign trade problems, inflation, shortages, a fall in the value of the yuan and a huge subsidy burden. On the trade side, the effects of the trisis have been considerable. Some contracts under discussion have been delayed," Zheng Tuobin, Minister of Foreign Economic Relations and Trade, said last month. "One reason was the growing scale of imports, another congestion in the harbours. Sometimes up to 500 ships have had to wait



Deng Xiaoping: forced onto the defensive

dollar to fall from yuan 2.7 in

Last month Chen Muhus, president of the bank, claimed

that the foreign exchange draw was over. Imports had been

at present. Some corporations have sent their negotiators on study leave, leaving foreign businessmen with literally no one to talk to."

one to talk to.

Businessmen have at times faced delays in China's opening of lenters of credit or breaks in trade discussions, while negotiatrade discussions, while negotia-tors apparently sought the necessary clearances from Peking. Others have encoun-tered prolonged negotiations over non-essential equipment, such as cigarette-making

ing or manufacture of machine tools," said Jing Shuping, vice chairman of Peking's China International Economic Consul-

All this has been the con-sequence of a fall in foreign exchange reserves from over \$16bn in September 1984 to \$10.8bn in June this year. Nine-month trade figures from the Ministry of Foreign Economic Relations and Trade, moreover, showed a deficit on China's side of \$3.4bn.

Exports have fallen, partly because of difficult overseas markets but also, Chinese officials say, because producers could get better prices under the new liberalised sales system In its latest report the Sino-British Trade Council says sequently (and partly, though "companies and Chinese cor-porations slike report that very imports) China allowed the

dustrial and commercial enter-prise authority, releasing some enterprises from central minis-try control and allowing some prices to float. Simultaneous financial reforms enabled factories to keep a share of any foreign exchange they earned and to borrow freely from the

cautious directive increasing in-

These changes were introduced just as the peasants were beginning to flex their new freedom to start up rural industry. The outcome was a huge burst the bust of building and start to be the control of of building, production, borrow-ing and expenditure, especially of foreign exchange. Officially inflation was put at 11 per cent in the cities in the

January-August period, but many foreigners believe it was much higher. Song Tingming admits that in Peking and Canton prices in July were respectively 22 and 23 per cent on the same month in 1994. Sérious trouble was avoided because Peking pays subsidies to town dwellers to buffer the value of the yuan against the November last year to yuan 3.2

increases. But along with sub-sidies already given to farmers, these fuelled the problem by swelling money in circulation. The political fallour from these developments has been a year later. "With rising prices within China, we had to do it." said Liu Hongru, vice president of the People's Bank. considerable. At the special party conference in September, conservative Markist party leader Chen Yun and head of cut, exports increased and official perks like trips abroad reduced. But the price is a return to many of the old constate Li Xiannian spoke bitingly of the problems the reforms had

trois and delay on modernisa-In his speech to the party's disciplinary body, Chen particu-larly condemned the crime and In curbing industry—indus-trial output grew at 23 per cent in the first half year and is un-likely to be below 18 per cent decadent bourgeois ideology they encouraged. In contrast Deng, who conceded that there were many problems, reserved his fiercest words for past. "leftist errors" and defended for the whole 12 months—the leadership has had to revert to precisely the kind of adminis-trative flat that it was trying to abolish through its economic the improvements generated by his policies.

The reform policy has a great Enlarging factories, boosting output, borrowing money, raisdeal of support in China. especially among the 800m ing wages, buying foreign equipment—all powers dele-gated at least in part to managers under the October peasants, most of whom have benefited enormously. But the loosening of control which is its basis has cut into party power; 1984 reforms—have now apparently been forbidden except under strict bureaucratic superthe spontaneous corruption which sprang up overnight has earned it enemies; and inflation "We have to get permission other problems have created doubts.

to build new plant or import new equipment, and that's a great handicap." said Zhu Zhinan, Deputy Director of the The question remains whether China can be modernwhether canna can be modernised in the way Deng plans. There is no tradition of western-style management which could begin to make it Administrative Office of the Nanking Radio Factory. Deng's troubles stem from the measures towards liberalising the urban industrial system in 1984. In October of that year the Central Committee issued a work. The events of the year may have persuaded a sig-nificant number to revert to a preference for central control.

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139	1307	2386	3469	4449	5665	6553	7614	8619	9392	10205	11092	12125	12850	14155	15153	15694	16450	17683	18653
318	1312	2391	3559	4473	5671	6630	7619	8624	9415	10238	11168	12144	12895	14177	15199	15751	16570	17712	18681
327	1320	2548	3698	4692	5718	6656	7733	8716	9426	10258	11197	12269	12958	14219	15271	15754	16651	17880	18776
375	1372	2554	3794	4762	5719	6760	7734	8841						14312					
382	1408	2566	3866		5780	6858	7757	8907						14370					
				4882															
401	1571	2617	3891	4909	5782	702B	7838	8968						14390					
454	1578	2741	3894	4958	5851	70 94	7933	8981						14398					
493	1587	2761	3897	4992	0100	7115	7935	9000						14451					
558	1626	2796	3920	5007	6043	7216	7987	9047	9653	10462	11589	12382	13429	14461	15414	16046	16870	18021	19119
752	1677	2838	3976	5118	6077	7253	8002	9104						14546					
811	1766	2907	4028	5148	6169	7306	8082	9137						14656					
820	1849	2913	4031	5240	6283	7307	8086	9237						14694					
							8101	9253						14733					
881	1870	2935	1704	5258	6365	7334													
902	1950	2979	4121	5273	6412	7384	8205	9257						14767					
963	2161	3026	4139	5379	6416	7397	8223	9308						14819					
991	2197	3052	4218	5438	6432	7399	8236							14940					
1042	2264	3074	4289	5472	6472	7415	8305							4969					
1116	2277	3115	4326	5494	6476	7463	8473	9329	10088	10949	11930	12768	13971	15062	15649	16397	17601	18524	19933
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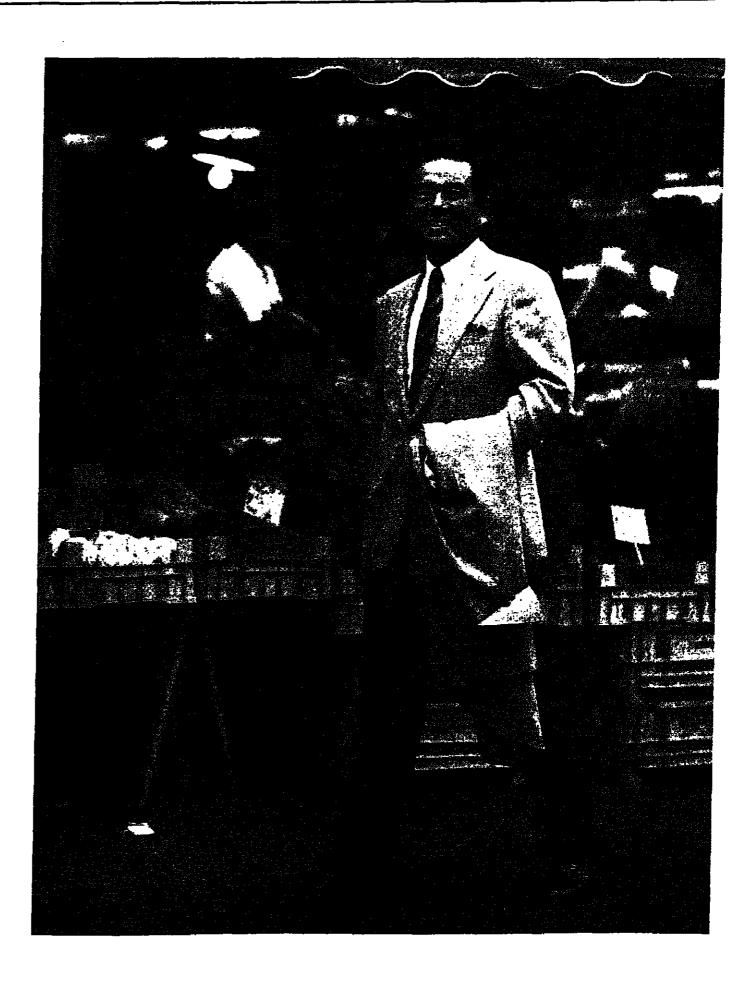
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Guy de Jonquieres reports on the problems of competing with IBM

HOW TO compete with IBM is as formidable a problem in the computer industry today as it was 20 years ago. Silicon Valley "start-up" companies may have proliferated but none has blos-somed into a really durable challenger to Big Blue and many have faded after a brief blaze of glory.

Why this should be so is a central question in a study by Mr Eric Wilson, a strategic planner at AT & T-Philips Telecommunications, published by the Geneva-based International Management Institute.

He observes that innovative technology alone is no longer enough to ensure competitive success. What is really driving the industry forward is the emergence of new and increas-ingly specialised, market segments resulting from the head-on collision between computing, communications other industrial sectors.

Young "start-up" companies are usually first to spot and exploit these opportunities, established companies, including IBM. move in later. But only IBM and the pioneering start-ups seem to emerge successfully, while other competi-tors often record disappointing

results.
In search of explanations, Mr

Losers are the 'stuck in the middle groups which try to compete across a broad range of products

Wilson leans heavily on re-search by academics Michael Porter and Ichak Adizes into the competitive behaviour of companies and the life cycle problems of organisations.

The study finds that the winning companies are those which focus intensely on a selected market niche and skilfully differentiate their products from those of competitors-usually by means of the customer service they offer rather than through

December 4, 1985

COMPARISONS OF PROFITABILITY APPLE 20% NCR DEC F HEWLETT-PACKARD

Innovation is not enough for success

them to diversify by decentral-ising into smaller and more entrepreneurial business units.
That is precisely the remedy
applied by IBM with huge
success in the past few years. However, Mr Wilson argues

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ing this trap, he suggests, is for "stuck in the middle" companies to concentrate on pioneering new growth markets be-fore IBM moves in. However, in view of established companies' internal bureaucracy, this is easier said than done.

Mr Wilson is forced to admit

that he can discover no "miracle solution" to competing with IBM. Ultimately, he suggests, the best hope for loosening IBM's iron grip may be rapid changes in product mar-kets and increased competition from AT & T and Japanese com-

His study is incomplete in other ways, too. It does not ex-plain satisfactorily how IBM has succeeded in fighting off middle-age flab and barely discusses the commercial implication of the push by non-IBM companies for "open" data communica tions standards.

It is unfortunate, too, that DEC is paraded as a typical "stuck-in-the-middle" company just as it seems to be staging a resurgence, while Data General, held up as an example of the right approach, is in a down-

Nonetheless, the study does at least define more precisely the question of what makes

The best hope for loosening IBM's grip may be rapid changes in product markets and increased competition

"start-up" companies succee and why they so often lose their

These are issues which would warrant further attention from European policymakers, who all too often seem to view technological competitiveness as a matter of pumping government subsidies into large electrical subsidies into large electrical and electronics manufacturers. Strategies for Success in the Computer Industry, by Eric J. Wilson. Technology Management Unit, International Management Institute, Geneva.

Programme to support remote sensing research

US GOVERNMENT agencies, universities and companies are Peter Marsh looks planning a \$17.5m programme over five years to support the at a \$17.5m project commercialisation of remoteto reap the best sensing projects in space.
In remote sensing, satellites results from carrying cameras and such other sensors as radar devices space technology

obtain pictures of the Earth from orbits several hundred miles high. The pictures can due to climb to \$5.1m by 1990. Mississippi is also pro-viding a \$4m building to house help agriculture experts monitor crop growth or analyse ground conditions for signs of the centre:

Among companies either promineral deposits. viding cash to the centre or The new programme will be run by the National Center for the Commercial Development which have agreed to co-operate on research programmes are of Space Remote Sensing in Bay St Louis, Mississippi. In charge of the centre, which will be closely associated with the National Space Technology Laboratory of the US National Acronautics and Space Administration computer hardware and software companies such as Cray Research, ERDAS, Intergraph and Synercom, Others include concerns which use information from space or sell it to other organisations, for instance the DESTEK Group, Ducks Un-limited, Hutson Chemical and Aeronautics and Space Admini-stration — also in Mississippi — will be the Institute for Mead Corporation. Technology Development, a private, non-profit corporation.

Academic institutions which The research project will fund work in such areas as will take part in the research programme include Jackson developing new applications for remote sensing and new soft-State University, Pennsylvania State University, Oklahoma ware to analyse information from spacecraft. The centre's work will also support training of scientists and administrators so they can gain the maximum State University and the universities of California, Missouri, Mississippi and Delaware. The US Navy and the US Army Corps of Engineers have also corps of Engineers have also agreed to co-operate. Staff at the centre will liaise closely with Eosat, a joint ven-ture between RCA and Hughes advantage from pictures from

According to the centre, in-formation from remote sensing Aircraft, which will supply data from the Landsat series of re-mote sensing satellites. Eosat took charge of the Landsat prosatellites could help a variety of industries, either in plan-ning resources or in the monitoring of events taking place on the ground, These industries include comgramme in September from the National Oceanic and Atmospheric Administration, a government agency. The Landpanies involved in livestock, fertilisers, warehousing, transport, fish production and agri-cultural chemicals. A 1 per cent increase in these indus-tries' productivity achieved

sat project has run since 1972 and has involved the launch of five satellites. Under a deal reached earlier tries' productivity achieved through better use of remote sensing would bring them a total annual benefit of \$1.6bn, this year, the Commerce Department is paying Eosat \$250m over five years to take over the existing Landsat-5 satellite and to build two more vehicles that the centre says.

In the centre's first year of operation. Nasa is contributing about a third of the \$2.74m budshould enter orbit around 1988

one result of the legislation

one result of the legislation that transfered ownership of the Landsat system from the Government to a private corporation is a change in the way Nasa makes available to users scientific data from other remote sensing hardware; for instance, cameras and sensors carried aboard the administracarried aboard the administra-tion's fleet of space shuttles. Under the 1984 Land Remote

Sensing Commercialisation Act. Nasa cannot release the data itself but has to sell it to a commercial organisation which in turn, sells the information. The space administration has recently agreed a deal with Martel Laboratories of St Martei Laboratories of St.
Petersburg, Florida, under
which the latter will sell data
from the large format camera
experiment carried on a shuttle

Nasa says, however, the new Nasa says, nowever, the new policy can cause problems by delaying data to scientific bodies. Under the new arrangement, they cannot obtain the pictures from space impictures from space im-mediately, but have to wait for Nasa to strike a deal with a

nasa to strike a deal with a commercial concern.

In the case of the large format camera data, Nasa spent months talking to 26 concerns which indicated an interest in the information. Finally, the the information, Finally, the administration received just one firm proposal—from Martel—as a result of which the St Petersburg company obtained the data for a mere \$100.

Testifying recently before the Senate subcommittee on commerce. science and space, Dr Shelby Tilford, Nasa's director of Earth sciences and applications, complained that the new procedure could "hamper the federal government in providing access to experimental data to the nongovernment funded research and development and user communities in a timely fashion.' He said that often the data had little economic value but about a third of the \$2.74m bud- and 1991. Eosat will also that its scientific use would get. The rest is coming from administer the ground stations industry and the state of Mississippi. Annual spending is tal code) from the satellites and access to the information.

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Fast quench processes under test

RESEARCHERS at Institute Battele Institute in Columbus, Ohio, are starting work on techniques that could provide insight into making new kinds of materials in

The workers are to study
"rapid quenching," the process where materials heated
to a high temperature are
exposed suddenly to cool conditions. Such treatment can
provide useful properties

ditions. Such treatment can provide useful properties such as high strength or good corrosson resistance.

Under a \$250,000 contract with the National Aeronauties and Space Administration, Battelle is to simulate the low gravity of space by dropping canisters containing experimental mixtures from the top of tail tower.

experimental mixtures from
the top of tail tower.

Under the low gravity.
liquids can be supported
inside the container in the
form of droplets which do not
touch the walls. In this way,
contamination is reduced.

Battelie's workers want to
find out if under low gravity
and containerless processing,
rapid quenching produces

rapid quenching produces materials with better properties than can be obtained under normal conditions in Earth factories.

UK puts lid on Soviet grease

A COMPANY in Liverpool is aiding a Soviet effort to turn out industrial grease in sub-zero temperatures. Deritend Electrical has produced two machines bound for the Soviet Union that automatically puts

lids on grease containers.
The machines, worth
£22,000, are to be installed at the end of a production line in the grease factory. The lids are put on using hydraulic arms. Deritend says the machines have to be highly reliable as they must work with little maintenance at

with inthe maintenance at very low temperatures.

The machines are being supplied to the Soviet Union through 'a Surrey company which does not want its name revealed.

Threat to telex ELECTRONIC MAIL aiready looks set to kill off telex in

the US according to a new report from Frost & Sullivan, the New York-based marketing consultancy.
The growth in end users

alone switching from other services such as telex and teletypewriting together with the growing ranks of personal computer operators will give a 1990 market worth \$508m. says the report.

the middle" companies, which try to compete across a broad range of products. Though they often sepnd vastly more than start-ups on research and de-velopment, they achieve lower sales per employee, lower profit-

sales per employee, lower profitability and declining market share.

Mr Wilson includes in this group most of the "Bunch" companies—Burroughs, Sperry, NCR, CDC and Honeywell—as well as more recent pioneers such as DEC and Hewlett-Packard. All are slowed by sheer corporate size, administration and the problem of ensuring compatibility between new and existing products.

However, Mr Wilson argues that most other companies risk getting trapped by a "Catch-22." If smaller rivals attempt to diversify in an industry dominated by IBM, he says, they dilute the "focus" which gave them their key competitive advantage in the first place.

"If DEC diversifies, it is likely to become another Burtoughs, Honeywell or Sperry.

But if DEC does not diversify, it will inevitably decline as its

nears of the customer service new and existing products. It will inevitably decline as its hey offer rather than through contemporary management cash flow in minicomputers echnology or low price. Contemporary management cash flow in minicomputers theory would suggest that the shifts from maturity into old most effective solution is for age."

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Cosmos helps ice bound ships map surface features through

DATA FROM a radar-carry-ing Soviet remote-sensing satellite has enabled scientists in the USSR to rescue scafarers trapped in ice-bound ships in polar

regions.
The information has come from Cosmos-1500, launched in September 1983. The vehicle is in an orbit which passes over the poles in such a way that it takes snapshots of the same area of the earth's surface once every

The satellite carries optical and radar equipment especially suited to taking measurements of the oceans. Cosmos-1500 is the only civilian satellite now in operation that carries radar sensors, which beam microwaves to earth and pick up

Data from the sensors on the vehicle can either be

stored in a memory aboard

the spacecraft for transmission to the ground once the vehicle is over a suitable radio station or transmitted instantaneously to the earth. The Soviet Union runs regional remote sensing receiving centres in Moscow, Novosihirsk and Khabarovsk.

Signals from Cosmos-1500 have helped Soviet scientists to map the extent of the ice cover in Arctic regions. As a result, technicians were able to find a route out of the ice for 10 ships trapped in an ice-bound area off Siberia.

Earlier this year, with a similar technique workers passed on messages to the Mikhail Somov, a ship trapped in ice in the Pacific sector of the Antaretic.

The exploits with the data from Cosmos-1500 have excited interest from around the world mainly because of the satellite's use of radar, which enables the vehicle to

cloud. In contrast, ordinary optical sensors cannot operate in bad weather because light cannot penetrate through dense concentrations of water vapour. Japan, Canada and the

European Space Agency all plan to launch radar satellites over the next five years. Other uses of the radar system on Cosmos-1500 in-clude mapping underground archaelogical remains in Africa and hidden geological features in the Antarctic. To some degree the microwaves emitted from the system burrow through ice cover and are reflected back to the spacecraft from hidden objects. In this way, Soviet scientists think they may have spotted archaelogical remains in the Sahara region and buried volcanos the south pole.

The 276-page report costs \$1,775 from Frost & Sullivan; 01-935 3190 in the UK; 212-233 1080 in the US.

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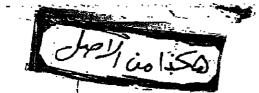
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With the dots and dashes of the Morse Code, it meant the United Kingdom was only minutes away from the eastern seaboard of the United States (Stock Exchange and Wall Street closing prices were transmitted daily).

By the end of the century he had created a submarine cable empire that virtually covered the world and stretched for 50,000 miles.

Unending success beckoned? Not exactly.

1920's, the Italian.

A young Italian scientist called Marconi had earlier patented his radio device and now offered a transatlantic telegraph service (the one which brought Crippen to trial). It was three times faster than cable at about one twentieth of the cost.

Marconi made the British government an offer they couldn't refuse: that his telegraph service and our cable assets be merged.

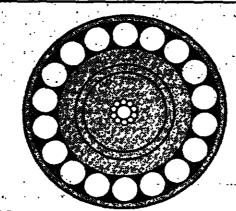
It was a happy marriage which, helped by new technology, prospered even during the depressed thirties.

1950's, the voice.

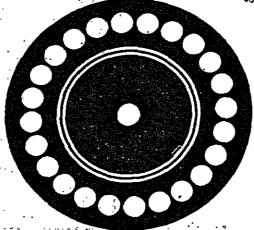
Then in the mid-1950's the first coaxial cable was laid across the Atlantic, carrying distant voices. (Although you still had to queue-up to make a call.)

But the pace of innovation was quickening.

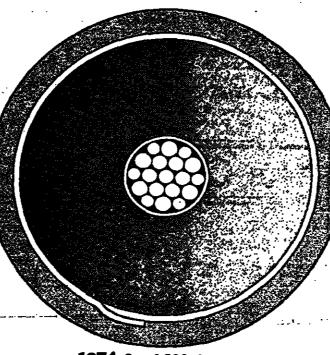
Rockets placed satellites in space, to and from which we bounce messages on 44,000 mile journeys between our earth stations round the world.



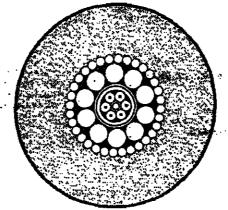
1866. First successful transatlantic cable.
Roughly six months to transmit the Bible by
Morse Code.



1956. First coaxial cable across the Atlantic. Thirty-six circuits bring phone calls as we know them today.



1974. Over 1,800 circuits — queuing éliminated.



1989. Cable and Wireless' fibre-optic cable to America.12,000 circuits able to transmit the Encyclopaedia Britannica in a few zips of light.

Next came larger coaxials, then the miraculous fibreoptic cable carrying voice and data at the speed of light (the entire Encyclopaedia Britannica in a flash).

Now, computers and microwaves all play their part, but our real growth has accelerated in the past 4 years.

1981, the new freedom.

In 1981 the government privatised us in its belief that companies flourish when managers are free to act in an entrepreneurial spirit (shades of John Pender).

We are proud to say we have repaid its trust.

At the time of going to press, our annual pre-tax profits have grown fourfold.

Mid-1980's, the explosion.

There's nothing new in people's urge to communicate, of course.

But as international business has grown, this urge has now assumed unprecedented proportions.

Just about every country in the world is expanding and updating its telecommunications. And new technology is constantly needed to make systems faster, cheaper and more effective over greater distances.

Currently in fact, we're improving and maintaining systems in some thirty-six countries.

In Hong Kong we operate both its internal and external telecommunications systems.

Earlier this year, we agreed with China to study together the feasibility of establishing up-to-date telecommunications between the main cities of the Yangtze Delta.

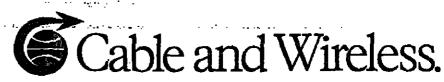
Meanwhile, in America we've laid fibre-optic cable along the rail-road from Dallas to Houston and we are operating circuits from New York to Washington and soon, Chicago.

In Barbados we are co-operating with the government to bring the latest digital communications to the island and help its main industry, tourism.

In Bahrain, we have a 40% stake in one of the most advanced telecommunications services in the Middle East and we manage the entire system.

While last year, our ships laid a submarine cable linking Australia and New Zealand with Canada via Fiji and Hawaii-eight thousand miles in all.

We hope we have shown how Cable and Wireless has grown bigger as the world, in communication terms, has grown smaller.



Television/Christopher Dunkley

Who dares switch over wins the weekend show

Received wisdom often seems around

week boxing, last week crosscountry running).
However ITV has finally done
away with its five hours of
World of Sport which for so
many years clashed head-on
with Grandstand, and although
there is still a lot of sport
around that is to some extent
inevitable and outside the
broadcasters' control: Saturday
afternoon happens to be the afternoon happens to be the time when most sports fixtures

But while this concentration of sport certainly irritates some viewers — mostly women, judging from the phone in programme about television which I used to do on LBC — I suspect that most of the scorn implied in the question "Why is weekend television so awful?" stems from Acacia Avenue Syndrome: the tendency to blame television for one's own weak will-power. When you ask people precisely which weekend programmes seem so poor, most point to the game shows and the situation

Comedies, especially the repeats.

Many also complain about
the variety shows which television seems to specialise in at weekends. There was a mon-ster example on Sunday when ITV devoted 2½ hours to The Royal Variety Performance, This featured one excellent performance from Gary Wilmot, a few passable excerpts from current West End musicals, and a long, saddening procession of modern performers whose lack of talent was highlighted by the requirement that they impersonate the true greats of a pre-vious generation: Marilyn Monroe, James Cagney, Rita Heyworth, Gracie Fields and so on. It was, indeed, pretty awful. Moreover, there is no deny-ing the concentration of game

Received wisdom often seems around Saturday tea-time, to be behind the times. A lot of Candid Camera, one of the to be behind the times. A lot of people have recently been asking "Why is weekend television so awful?" Yet anybody keeping a close eye on the box should have noticed that matters have actually improved considerably. True, there is still a large amount of sport on Saturday afternoons with Grandstand, as ever, monopolising BBC 1, hours of racing on Channel 4, and on ITV wrestling plus some other sport (this follows immediately afterwards week boxing, last week crosscountry running).

However ITV has finally done

Candid Cameta, one of the oldest and most embarrassing ideas on television, staggers on in the guise of Game for a Laugh on ITV. and similar tricks are sometimes built into The Nov! Edmonds Late Late Breakfast Show which goes out simultaneously on BBC 1 and now attracts a bigger audience:

14-4m in the current ratings, making it No 8 in the National Top 10. Bob's Full House which follows immediately afterwards is managing to maintain BBC 1's audience at 13.75m with its bingo-based game.

bingo-based game.
Last week-end ITV storted yet another type of game show called Blind Date, based on a long-running American series.
A man or woman chooses a partner from three candidates of the connexity say who sit of the opposite sex who sit behind a screen and answer questions. the banter being mediated by Cilla Black who is evolving into the female Wilfred Pickles of the 1980s. When she described one partici-pant as a "her dresser" it took some of us a while to work out that her job was hairdress-

to be cetting a lot of week-end silcom repeats from the BBC at present: Only Fools and Horses, Porridge, and Last of the Summer Wine on BBC 1 and Faulty Towers on BBC 2. A NOP survey organised recently by the Peacock Com-mittee which asked "In what

way have BBC 1/ITV programmes got worse?" showed

t grammes got worse?" showed that most people (71 per cent) put "Too many repeats" at the top of the list with "Too much violence" coming second but nominated by only 16 per cent. (So much for the national outcry about television violence perceived by Mary Whitehouse and Norman Tebbit).

Yet whatever people may tell polisters the fact is that these sitcom repeats are heavily watched: Last of the Summer Wine and Only Fools and Horses attract more than 14m viewers each, and even though Faulty Towers is being repeated Facelty Towers is being repeated where books are read and on BBC 2 it achieves 10.7m. serious music played—it is not size it is, there must be a considerable overlap between the inertia or the desire for a quiet 71 per cent complaining of too life. In such circumstances with



Siobham Davis and her baby in "A Mass for Man," a ballet commissioned for television

scious hypocrisy.

Nobody is forced to watch
game shows or sitcoms at the

weekend. Many end up doing so, I suspect, because they cannot be bothered to switch off at the end of the sport, or because they turn on the tea-time news and simply stay in front of the set, or because their shows and they are too weak-willed to argue. In all these instances—and experience sug-gests they apply in thousands and probably millions of homes where books are read and

many repeats and the 14m other choices on other channels watching these repeats, which it seems unfair to blame telebrings us back to Acacia vision for the awfulness of its Avenue Syndrome and uncon-output.

A Mass for Man, that most unusual phenomenon, an original dance work created (so it said) for television. Admittedly the

utput. for television. Admittedly the But what else is there to music was monotonous and the But what else is there to watch? An enormous amount, starting early on Saturday evening with Saturday Review. This is an arts review programme, presented by Russell Davies and edited by John Archer who launched and edited Did You Sec?, and it benefits from the same sort of eelectic approach, lightness of touch, and canny casting of studio guests (though the man in the bow-tie last weekend waved his hands about too much) which made the television review series such a success. Unfor tunately Did You See? seems to have lost its edge since Archer left.

vital. Last weekend Saturday Re-view was followed on BBC 2 by Later, the same night came It is time the Who Dares Wins, a comedy up with reality.

stride now that it is sticking to its own style rather than borrowing frantically from everyone else. Those of us who

outer about it in case me busybodies track it down to its latenight hiding place on Channel
4 in the hope of being offended.
On Sunday, the day of The
South Bank Shore, there is even
more to choose from. At teatime BBC1 is currently presenting Oliver Twist, one of those finely mitred Victorian polished boxwood productions of Dickens which it seems to have been turning out all my life. This week's episode contained splen-

plarmigan and caribou mostly seem astoundingly boring, but this week's second and final programme did contain one astouishing sequence showing the hit and miss (or hit and bounce) methods by which the chicks of the Arctic goose descend from the mountains to descend from the mountains to

reach the water.

The Writing on the Wall on The Writing on the Wall on Channel 4 continues to fascinate with its view of recent history—last Sunday the rise of the National Front and the Anti-Nazi League. Comrides on BBC 2 supplies the second image of Russian society which combined with the first image provided by news, current affairs and dissident literature, forms something much more forms something much more like a three-dimensional picture. And Star Quality on BBC 1 is suggesting that, far from being an evanescent figure. Noel Coward may yet prove one of the most long-lasting repre-sentatives of his era. This series offers precisely those this, and one's viewing is split values of entertainment and between four channels, repeats are not merely desirable but so often told week-end tele-

vision lacks.
It is time the image caught

Orfeo/Banqueting House, SW1 **Max Loppert**

Marine to the second of the contract of the second Financial Times Wednesday December 4 1985

London has this year enjoyed The performance was paced, concert performances of two of the early Italian Orpheus and the early Italian Othnicalian
Eurydice operas—those 17th
century explorations of dramma
per musica that between them
achieved the definition of the

medium. Last March Camden Festival put on Caccini's Eurieneryone else. Those of us who enjoy its rreverence (Is it true the Pope's infallable? Yeah, he's a bugger at Trivial Pursuit) should. I suppose, keep quiet about it in case the busy-bodies track it down to its latenish hiding place on Channel 4 in the hope of being offended. On Sunday, the day of The On Sunday, the day of The Court Book Shore there is even the Barboue Soloists, under John Baroque Soloisis, under John Blot' Gardiner, gave us in the echoey splendours of the Ban-queting House.

t had been exciting to make the discovery that the Caccini work was far more than the textbook item of conventional turning out all my life. This week's episode contained splendid performances from Godfrey James and Miriam Margolyes as Mr and Mrs Bumble.

The Natural World on BBC 2 was unfortunately saddled with an actor to read the commentary, invariably an error as Olivier proved so unfortunately with. The Warld, at War Furthermore, the activities of plarmigan and caribou mostly

dramatic situation—how and where he sums up what went before him while at the same time opening long vistas into the future. On Monday, the great paragraphs of Orpheus pleading with Charon at the centre of the opera built up with the timeless directness that effects the listener each that affects the listener each time as "contemporary"—and that defines the innovative

genius.
Gardiner. conducting the edition that he first made for the ENO in 1981, showed here that his mastery of this work is now consumate. (With these forces he is chartly to record it it.)

sounded, and directed with a working theatrical sense of how its every component part operates, and what all those parts add up to. But the Mon-teverdi Choir had not, perhaps, found itself the ideal location for this concert performance. The acoustics leave a blur on the words, and the long blocks of seats keep too many people far from the singers. In the the obsence of close contact with words, eloquently shaped phrases, and passionate per-sonalities, there were stretches in which one found oneself appreciating the virtues of the performance in a rather detached way.

This problem of distance and distanced impact was compounded by the fact that in the cast there seemed to me too few singers capable of making the eloquent utterance of Italian the keystone of their singing. For all this florid virtuosity and familiar appealing poetic per-sonality Anthony Rolfe Johnson (not, I guess, in best health) in the title role was 100 often a vocalist and too seldom a recitante cantando.

He was, of course, a very good vocalist, and so were Lynne Dawson (Music). Diana Mon-tague (Proserpina), John Tomlinson (Charon); and Willard White (Pluto), unfortunately there were also one or two peaky Early Music voices on show. But only Mark Tucker, as shepherd and echo, gave any impression of knowing how to combine verbal accent and dramatic impulse. How one wishes the Authentic Movement now consumate. (With these would now find itself a few forces he is shortly to record it.) front-rank Italian singers!

Jazz at the Bull's Head. Barnes

Kevin Henriques

For a quarter of a century the Bull's Head, down by the riverside at Barnes, has featured in the lives of jazz enthusiasts in the London area. Even "foreigners" from north of the Thames have either pilgrimaged to it on a No 9 bus or driven across Hammersmith Bridge (but rarely used the or driven across Hammersmith
Bridge (but rarely used the two nearby ghostlike railway stations) to attend sessions featuring not only the ham tommy Chase which had immediately kicked everything mediately kicked everything into top gear, Elaine Delmar's disarming, sophisticated singular tommy chase which had immediately kicked everything into the had immediately kicked everything into top gear, Elaine Delmar's disarming, sophisticated singular tommy chase which had immediately kicked everything into top gear, Elaine Delmar's disarming into the had immediately kicked everything into top gear, Elaine Delmar's disarming into the had immediately kicked everything into top gear, Elaine Delmar's disarming into top gear, Elaine Delm distinguished Americans.

Jazz came to the Bull's Head when the owning brewers told the then licensee, Albert Tolley, that something drastic had to be done to save it from becoming a morgue. In his wisdom (or maybe it was luck) he chose jazz as the likely life-line and within a few years the Bull was presenting 'jazz of the modern'

Since Albert Tolley retired some five years ago the repu-tation and prestige of the Bull's Head has been enhanced and consolidated by the present licensee, Dan Fleming, whose obvious and vibrant enthusiasm for jazz has inspired him into presenting leading American musicians for extended periods rather than for a single evening. He has also because ing. He has also bravely gone out on a limb with relatively unknown Americans who have amply repaid his judgment by steadily building up their repu-tations during several weeks at

was no cutting edge, no intimacy, no grandeur. Every key dramatic gesture was either inflated out of proportion, fudged, or ignored. There was no balance in the larger, or smaller, parts. Admirers might have found that "provocative:" I found it only aimless, and deeply unsatisfying.

The festivities took off on a

two nearby ghostlike railway disarming, sophisticated sing-stations) to attend sessions ing was an ideal contrast. Her featuring not only the best stylish, jazz-tinged interpreta-British-musicians but also many tions of popular songs with distinguished Americans. Lamont supplying obbligatos and where relevant, eloquent solos, were, as always, per-formed with senuine enjoyment allied with impeccable profes sionalism.

Le patron of another famous, slightly older London jazz spot. Ronnie Scott, leading his regular quintet, again reminded listeners of the imposplaying especially his warmth on baliads. Dick Pearce on flugel-horn has developed an all-round fluency on the instru-ment which puts him among its leading exponents anywhere and bassist Ron Mathewson, in his extended work-out on "Seven Steps to Heaven," imbued no little humour into his solo with extensive quotes from "My Darling Clemen-tine," "Bluesette" and "The and "The

Teddy Bears' Picnic": The Terry Jenkins ten-piecer closed the opening day's celebrations on a suitably stirring note. A punchy, powerful small big band, led by the drummer off seen playing in the drummer oft seen playing in the orchestra fronted by the suave James Last, it presented, in a rather under-ration pro-gramme, interesting arrangements and notable solos from, this ments and notable solos troin, y sub-from King, trombonist Derek Wads-upport worth, trumpeter Derek on and Watkins and pianist Tony Lee.

The jollifications continue until Sunday December 22.

Simon Rattle/Elizabeth Hall

Richard Fairman

Simon Rattle's concerts shine the gipsies and the coachmen, out like the proverbial good a good deal faster than on deeds in a naughty world. Each of his appearances in the capital is a welcome event, for one tall is a welcome event, for one wind figurations to their limit. can be sure that he will take an important 20th-century composer—Janacek at the Coliseum. Stravinsky on Sunday night at the Festival Hall—and put him in the modern conductor's

Stravinsky, one might say, is a young conductor's music anyway. But Rattle has more than just the high spirits of youth to give it, as the control and judgment in these perform-ances showed. The rhythmic base of the style — strong offbeat accents in the energetic choral chanting of "Laudate Dominum" in the Symphony of Psaims — was fully, naturally grasped. And the story of Petrushko came across as vivid narrative, not mere orchestral

Symphony in Three Morements to a heated peak of intensity in its last minutes, and the final Shrovetide Fair scene of Petrushka, distinguished by Petrushka went with exhilarating momentum. The dances of LPO hit their highest standards.

Dated: December 4, 1985

lessness. The London Philhar-monic Choir, though, were in overwhelming the chamber

Excitement was cumulative.
not haphazard. Rattle's sure familiar pieces. Woodwind chordhand on the temperature control of each work brought the and the Sumphony of Psalms ing was poor in the first half. and the Sumphony of Psalms

NOTICE OF REDEMPTION

To the Holders of

KINGDOM OF SWEDEN

Undated Floating Rate Notes And

Four Year Floating Rate Notes Due July 1989

NOTICE IS HEREBY GIVEN to the holders of the outstanding Undated Floating Rate Notes and Four Year Floating Rate Notes Due July 1989 of the Kingdom of Sweden that, pursuant to the provisions of the Fiscal Agency Agreement dated as of July 9, 1984 and the Terms and Conditions of the Notes, the Kingdom of Sweden intends to redeem on January 9, 1986 all of its outstanding Notes, at a redemption price equal to 100% of the principal amount thereof plus accrued interest to the redemption date.

Payments will be made on and after January 9, 1986 against presentation and surrender of Undated and Four Year Registered Notes or Undated Reares Notes with company due July 1986

Undated and Four Year Registered Notes or Undated Bearer Notes with coupons due July, 1986 and subsequent and talons attached and Four Year Bearer Notes with coupons due July, 1986

and subsequent and talons attached and Four Year Rearer Notes with coupons due July, 1986 and subsequent attached in U.S. Dollars, subject to applicable laws and regulations, either (a) at the office of the Fiscal Agent in New York City, or (b) at the main offices of Morgan Guaranty Trust Company of New York in Brussels, Frankfurt am Main, London and Zurich or Kredietlank S.A. Luxembourgeoise in Luxembourg.

Payments at the office of any paying agent outside of the United States will be made by check drawn on, or transfer to a United States dollar account with, a bank in the Borough of Manhattan, City and State of New York. Any payment made by transfer to an account maintained by the payee with a bank in the United States may be subject to reporting to the United States internal Revenue Service (IRS) and to backup withholding at a rate of 20% if payees not recognized as exempt recipients fail to provide the paying agent with an executed IRS Form W-8, certifying under penalties of perjury that the payee is not a United States person or an executed IRS Form W-9, certifying under penalties of perjury the payee's taxpayer identification number (employer identification number or social security number, as appropriate). Those holders who are required to provide their correct taxpayer identification number on Internal Revenue Service Form W-9 and who fail to do so may also be subject to a penalty of \$50. Please therefore provide the appropriate certification when presenting your securities for payment, Coupons due

vide the appropriate certification when presenting your securities for payment. Coupons due January 9, 1986 should be detached and collected in the usual manner.

respect to the Undated Floating Rate Notes talons pertinent thereto.

Interest accrued to January 9, 1986 will be paid to the registered Noteholders in the usual

From and after January 9, 1986 the Notes will no longer be outstanding and interest thereon

Bearer Notes surrendered for payment should have attached all unmatured coupons and with

that the Symphony of Psalms came to such a stagnant close. The eternal tread of pianos and timpani, so mesmerising a musical idea, went slower than the composer's marking (crotchet equals 72) and the piece, para-doxically, lost its sense of timestrong, articulate form, both here and in the Mass, where their sheer numbers rather

woodwind accompaniment. Neither of the choral works has violins or violas. An evening of Stravinsky means hard work in the other departments of the orchestra, and it was a shame that more rehearsal time had not been found for the lessopened with shaky ensemble. Only with the central tableaux

Sade, the hippest singer of the

heard creating a soothing, bluesy background in every smart boutique, brasserie and hairdressing saloon in the world, came to London this week on her global tour, quite naturally to the Albert Hall. She has a most insidious voice, like the torch singer giving all in the background of a Hollywood movie of the 1940s, the honey of a Julie London but with lemon and whisky to pep it up for jaded modern palates.

And in the end the voice, and the cool precision of her songs, overcame an unsophisticated stace presence and a set that looked as if it had been rigged up in half an hour. Fortunately her musicions were able miraculously to reproduce the album sounds and as the lady and they, relaxed, and the jazz rhythms percolated through, the live Sade started to approach the elusive, detached creature of the

The material came from her two albums, the first containing

Sade/Albert Hall

Antony Thorncroft

"Smooth Operator" and the past year whose songs can be plaintive "Hong on to rour heard creating a soothing love": the latest music, which is on first contact more downbeat. stretches her towards being the contemporary Billie Holiday. There are still lively little numbers which will conquer the discos like "Never as good as the first time," but "War of the hearts" takes her back to the world of sad ladies singing away their lives' cares in saloons while the sax player, in this case Stuart Matthewman, worships her with his equally sorrowful horn. Cue for entry by

Lauren Bacall. Sade's prodigious talent (her voice really is remarkably nerve end tickling) seems to destine her for the US: already her lyrics rhyme - "Victoria Lake" with "Empire State" (in the excellent funky "Is it a crime") rather than "Lake Windermere" with "Brighton principal conductor, and then Pier." No doubt when she next but Monday nights concert still be draped in the Manhattan sophistication that her music. oozes with. And then we can complain that sile is not the

Sinopoli/Festival Hall

Dominic Gill

was the orchestra's own leader, on itself, whenever there is and mainstream variety every nothing ahead which is (super-performance can best be ficially at least) brightly lit. performance can best be described as capable: though small-toned and never very lusciously phrased, it had a solid, well-practised ring. Mr Warren-Green's grimaces were often visually more expressive then the actual aural fabric. In the finale there was a brave effort to pull out all the stops, but in sum, all the same, still more correctness than excite-

production style, with cutaways to pictures of human suffering

and disasters, was pretentious. But you could hardly call it "awful" in the sense that 3-2-1 is awful. Had you grown bored

long before the end you could have done as I did and switched to Channel 4 which was show-ing a repeat of an excellent episode of Upstairs Downstairs

with a script by Rosemary Anne Sisson that would put plenty of single plays in the shade.

When material is as good as this, and one's viewing is split

Mr Sinopoli's technical and musical shortcomings have been discussed at length on many occasions in these pages. I cer-tainly hope one day to be able to report a marvellous sca-change in the Philharmonia's tended only to confirm the glosmier judgments.

It was brave of Sinopoli to follow the Bruch concerto, just complain that she is not the as it had been brave of Mr nice, simple, rather vulnerable Warren-Green to tackle it in the first place, with the andante

The first of two Philharmonia adagio movement of Mahler's Orchestra concerts conducted unfinished fenth symphony—for this week by Giuseppe Sinopoli (the second today is an all-Elgar programme) opened on Monday night with Bruch's G minor violin concerto. The soloist flags, and suems' to furn' huward was the organization on itself whenever there is

The music loses its aim. The whole account, after a promis ing first page, quickly became centreless, and failed to draw the listoner with its momentum. Brahms's fourth symphony ended the evening-and of this

we were offered not so much

illumination or original insight as pretty plain and forthright exposition with a slightly self-conscious soft centre. I liked Snopol's care with the wind detail (brass as well as woodwind) of the opening movewind) of the opening movement: the voicing of the giocoso was bright and clean. But there was no culting edge, no

deeply unsatisfying.

Arts Council/Antony Thorncroft

The 200-odd clients of the Arts Council can release their breath—their grants for 1986-87 will be raised, on average, by a per cent, better than expected. A few will receive no increase in aid; some a boost of over a per cent; the great majority, including the big clients like the Royal Opera House and the National Theatre. can expect National Theatre, can expect around 4 per cent more, perhaps not sufficient to cover inflation

The Arts Council has split its basic grant of £110.6m in a way which bolsters its current clients but backtracks.

The Arts Council will announce how it will distribute the extra £25m.

Philharmonic Hall and the Empire in Liverpool: the Theatre Royal Newcasile; and future depends on generous

way which poisters its current clients but backtracks on its "Glory of the Garden" pro-gramme of pushing more fund: gramme of pushing more fund: after it has completed talks the extra £25m it was given by gramme or pushing more tuned towards the provinces. It has bound, mainly from its reserves, topeful that they will make a contribution to the £10m short-

More money than expected The 200-odd clients of the hopes have been overtaken by

but good enough to stay in the Sunderland Empire. Their business at their current rate

ment but basically its future fall in subsidy that remains :

Saleroom

Afer its success on Monday night, when it sold Impressionist and modern pictures for E4.5m with only 9 per cent unsubstitute of a chieved auction achieved auction to the control of the c sold and achieved auction records for Chagall and Fantin-Latour, Christie's returned to a more normal Impressionist sale yesterday morning with a fim total and 31 per cent bought in.

Christie's South Kensington was doing quite well with its tribal art, a rare Owo bronze ancestor head, perhaps the best to appear at auction, doubling

Arts Guide

Music/Monday. Opera and Ballet/Tuesday. Theatre/Wednesday. Exhibitions/Thursday. A selective guide to all the Arts ap-

Theatre

NETHERLANDS

seeming girl she is today.

imsterdam. Bellevue Theatre. The English Speaking Theatre of Am-sterdam presents William Gibson's bittersweet comedy. Two sterdam presents william Giosons bittersweet comedy, Two For The Seesaw. Maxine Resnick and Grant Coburn directed by Svarupa. All week except Thur. (247248).

Eindhoven, Schouwburg. Lamds Theatre of London with Thornton Wilder's Skin of Our Teeth, directed by Roger Croucher (Tue). (111122)

LONDON

Pravda (Olivier): Entertaining epic new play by David Hare and How-ard Brenton for the National Theatre in which an unscrupulous South African magnate acquires Britain's most prestigious newspaper. A Jon-sonian satire on the grand scale with an irresistible performance by Anthony Hopkins as the colonial who penetrates the Establishment while a nation dithers. (928 2252).

Guys and Dolls (Prince of Wales): The 1982 National Theatre production has arrived in the West End, if anything improved by the new casting of Lulu as Miss Adelaide and the notably well sung black Sky Master-son of Clarke Peters. Richard Eyre's production and John Gunter's affectionately lavish designs complement this most joyful and literate of musicals, a fitting tribute to the recently deceased co-librettist Abe Burrows (930 8681). Gigi (Lyric): Unconvincing stage reviv-

al of Lerner and Loewe's film follow-up to My Fair Lady, Beryl Reid

al, Jean-Pierre Aumont and Sian Phillips lending more conventional support. John Dexter directs, Joce-lyn Herbert designs. (437 3686).

Camille (Comedy): Pam Gems's re-write gives Marguerite Gautier a child for whose future security she exchanges her own frail health and love. Don Daniels's studio RSC production does not transfer that well but Frances Barber is an actress to watch. More coughing on stage than in the stalls, for a change. (930 2578). Phedra (Aldwych): Welcome return of last year's Philip Prowse produc-tion, beautifully costumed, with a brave attempt at the Racinian metre in Robert David MacDonald's transin Robert David MacDonaud's trans-lation. Glenda Jackson superb in a strong cast also boasting Georgina Hale, Joyce Redman, Gerard Mur-phy and Robert Edison (838/8404).

Noh: There are performances at most of Tokyo's Noh theatres at week-ends. Details in Tokyo English dai-iles and Tour Companion available at major hotels. Two handy little books A Guide to Noh and Guide to Kyogen in most hotel bookstores give summaries of plots.

WASHINGTON

Night Mother (Arena): Marsha Norman's searing view of a mother and daughter on the night the daughter suicide requires a strong stomach for hard-bitten realism. This production by James C. Nicola has Halo Wines as daughter Jessie and Ann Guilbert as mother Thelma. Ends Dec 8. (488 3300).

Nov 29-Dec 5 CHICAGO,

King Lear (Goodman): The Stratford Festival of Ontario production puts Lear in a rustic seiting that looks much like the North American fron-tier. Ends Dec 22 (443 3810).

Cats (Winter Garden): Still a sellout, Trevor Num's production of T. S. Eliot's children's poetry set to trendy music is visually startling and choreographically feline, but classic only in the sense of a rather staid and metallicent in the sense of a rather staid

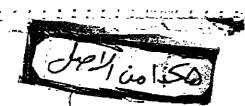
and overblown idea of theatricality (339 6282). A Chorus Line (Shubert): The longest running musical ever in America has not only supported Joseph Papp's Public Theater for eight years but also updated the musical genre with its backstage story in

(239 6200). La Cage aux Folles (Palace): With some tuneful Jerry Herman songs, Harvey Fierstein's adaptation of the French film manages, barely, to cap-ture the feel of the sweet and hilarious original between high-kicking and gaudy chorus numbers. (757 2828).

which the songs are used as audi-tions rather than emotions.

I'm Not Rappaport (Booth): In moving to Broadway, Herb Gardner's touch-ing, funny and invigorating play about two oldsters retains its stars, Judd Hirsch and Cleavon Little, who Judd Hirsch and Cleavon Little, who almost conquer the world when they think they are just bickering with each other. (239 6200).

The top price was the £91,800 its estimate at £16,000, and an for a portrait by Renoir of his son Jean as a child, while the



KINCDOM OF SWEDEN

OF NEW YORK, Fiscal Agent

By: Morgan Guaranty Trust Company

Financial Times Wednesday December 4 1985 The biggest problem with personal computers that's why.. .inbetweenregular....ITT introduced the Xtra XP. A personal computer, compatible with all the software everyone is familiar with, but with an unheard of speed. It's all made possible by ITT's unique disk caching system called FXP, with zero wait state. FXP dramatically reduces disk accessing time, sometimes by as much as a thousand to one. It means the computer actually 'learns' its user's work pattern, so the more you use a specific application, the less time it'll take to do your job. Zero wait state means instant access to memory, and a faster processing time, increasing your system throughput. And with the powerful INTEL recalculations 80286 microprocessor to really keep things moving, the only thing you'll have to wait for with the ITT Xtra XP, is our information brochure. So the sooner you can post the coupon..... . the better.is the long delay..... To: ITT Xtra Dept, ITT Europe, Avenue Louise 480, B-1050 Brussels, Belgium. Tel: Brussels 649.96.20. Name___ Company____ Address__

FINANCIAL TIMES

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Wednesday December 4 1985

Bigness and competition

TAKEOVER activity on the London stock market is reaching a level which dwarfs the merger boom of the early 1970s. But the proposed bid by General is greater international competitive which was announced yesterday, is of a different character from the opportunistic or defensive deals which have been common in recent weeks. It is based on old-style "industrial logic," designed to achieve rationalisation—primarily in telecommunications equipment. It is reminiscent of the moves made by GEC itself nearly 20 years ago, when it took over, first Associated Electrical Industries and then English Electric. Those deals led to an overdue and successful reorganisation of the country's heavy electrical industry. Whether GEC can repeat the exercise in telecommunications and electronies is open to question; while it obviously has the necessary is open to question; while it obviously has the necessary financial resources, its recent record in these fields has been

Developments both in the UK market and overseas have made changes in the structure of the British telecommunications equipment industry almost inevitable. The newly privatised British. The newly privated British Telecom is free to buy switching equipment from non-UK suppliers and has begun to do so on a significant scale. BT has made no secret of its dissatisfaction with its traditional suppliers (Plessey and GEC). Which in turn complain that BT's overseas purchases deprive them of economies of scale. In them of economies of scale. In this context a pooling of resources makes obvious sense, even though it might lead to a higher level of imports as BT continues to diversify its sources apart from the undesirable political consequences of such of supply. But the bigger chal-lenge for the merged company a concentration of lobbying would be to enlarge its share of the export market, where the British position is at present work. Catching up with the world leaders in the US and clsewhere will be a formidable task; all that can be said is that a combined Plessey-GEC is more likely to do it than the two

Monopoly Should the Government refer the proposal to the Monopolies Commission? There are obvious competitive implications, both in telecommunications and in de-fence electronics; the Ministry of Defence, determined to pro-mote competition among its suppliers, might well be uneasy. But the two most important customers. British Telecom and the

even desirable in sectors where economies of scale are important. But the enthusiasm for economies of scale should not be carried too far. Many of the mergers of the 1960s and early 1970s, which were justified on grounds of greater international

competitiveness, failed to achieve the desired results. Moreover, electronics is at a very different stage of develop-ment from that of the heavy electrical industry 20 years ago. do so on a significant scale. By electrical industry 20 years ago has made no secret of its dis-satisfaction with its traditional rapidly, creating new oppor-suppliers (Plessey and GEC), tunities for nimble entre-which in turn complain that preneurs. It would be most regrettable if a GEC/Plessey combination produced a merger

a concentration of lobbying power, multiple centres of initiative and innovation are required in this industry — a point which the Government should bear in mind in considering Monopolies Commission references.

The "national champion The "national champion" approach in which a country puts all its resources in a sector behind a single chosen instrument, is—or should be—well and truly buried. The GEC/Plessey proposal represents one possible strategy, but it is not the only one. Some will prefer to start email specialising in to stay small, specialising in selected "niches" of the selected "niches" of the business. Others will look for partnerships outside the UK which offer technological Defence Ministry, are them-selves near-monopoly buyers which are well able to look after competitiveness on a world themselves; both of them can scale must be the objective.

Austria blots its copybook

held up as a model of macro- sector. Nationalisation oc-ceonomic management, has curred after the war, as in conomic management, nas badly blotted its copybook. The open crisis which has broken out in its state-owned industry focused attention at home the refounded Austrian repuband abroad on some serious shortcomings. Unless the crisis is mastered, it may seriously place in question the entire basis of the Austrian model— the consensual system known as social partnership between labour and employers.

Emergency measures have been taken since it became known last week that losses at Voest-Alpine, the steel and en-gineering concern which is the biggest state-owned enterprise, are spiralling out of sight. The entire board of management has resigned. New capital has been provided and the minister for state-owned industry. Dr Ferdinand Lacina, has given a public assurance that the Government intends to restore the capital basis of the troubled concern. But these are first aid mea-

sures only. A cure will require the abandonment of the belief that Vocst and other state-owned enterprises can afford to support plant and jobs for whose output there is no market demand. Mr Lacina stated the

What went wrong at Voest is easily summarised. The core steel and engineering business at Linz has mastered the international steel crisis quite successfully. But Dr Bruno Kreisky, the former Socialist Chancellor, for reasons of regional policy, made it merge with an unviable steel mill at Donawetz in Styria and take over an unprofitable special steel industry.

Final straw

In its efforts to get out of the red the board diversified into commodity chips as then was the worldwide fashion and burnt its fingers. A steel venture in the US proved disastrous and the final straw was heavy losses in futures markets made by Voest's trading

An understanding of the problems dogging Voest and other state-owned Austrian enterprises requires

AUSTRIA, which so often is knowledge of the history of the the refounded Austrian repub-lic positions of emornic power that from 1938 to 1945 had bee nin German hands.

At the same time the consensual systm was born in which labour and managements agreed to live and let live. For many years Socialists and the conservative Austrian People's Party governed together. Though that grand coalition has broken up. jobs and positions of influence still tend to be shared out among the

parties.
Whether the spoils system ensured the appointment of the best available talents may be doubted. But the arrangements ensured industrial peace and helped to transform one of Europe's backward countries into a small but effective industrial power. Insistence

What the state sector has proved unable to do is to satisfy the insistence of politicians o all parties that it must provide jobs, as at Donawetz, which have no market justification. Nor has it been allowed the flexibility required to make the structural adaptations needed. The result has been dispro-

The result has been dispro portionately slow growth of pro-ductivity, disguised unemploy-ment and the need for regular government money from a stretched budget to compensate for losses. During the recession-the sector's political masters could argue that it was better to subsidise jobs than to pay unemployment benefit. But in the improved business climate. that argument is looking

increasingly threadbare. Dr Lacina's statement about the need for profits shows that this realisation has begun to

sınk in.

As regards the larger issues. social consensus is in danger of becoming an excuse for taking the easy option. Where too heavy a price is paid for consensus, consensus itself will eventually break down.

HE General Electric Company's £1.2bn approach for Plessey both marks the end of months of City speculation about the next stage in GEC's corporate strategy and what could prove the start of a restructuring of Britain's troubled electronics

Lord Weinstock, GEC's managing director, was keen yester-day to emphasize the benefits of a merger in terms of efficiency and international competitive-ness, particularly in the area of telecommunications, where both companies are involved in making System X exchanges.

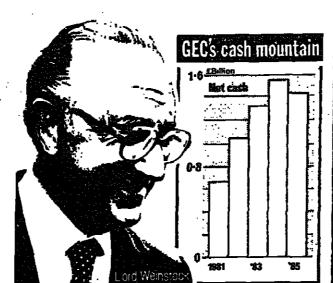
These arguments will undoubtedly find an echo in some parts of the Department of Trade and Industry, where there have been signs of growing concern about the weakness and fragmented structure of the UK electronics sector in the face of increasing international competition.

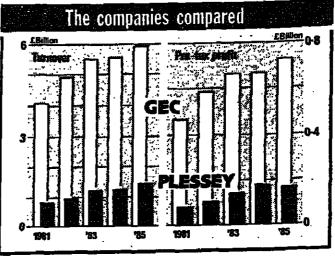
However, the proposed mer-ger also raises two other important-and in a sense, opposingquestions. These are, how it will square with Government compe tition policy and how effective it will be in producing a combined group really capable of making an impact on world markets.

British Telecom, which is overwhelmingly both GEC's and Plessey's largest customer for telecommunications equipment, may wel Isee virtue in a merger. It has long complained about the shortcomings of the the shortcomings of the System X production arrange-ments—which require the two companies to collaborate while supposedly also competing against each other.

The newly-privatised BT is

keen to diversify its procure-ment internationally and has already opened the UK public exchange market to Thorn-Ericsson, jointly owned by Thorn EMI and Sweden's L. M. Ericsson. BT also wants to buy 51 per cent of Canadian private







GEC'S BID FOR PLESSEY

The mountain starts to move but may still meet resistance

By Guy de Jonquieres

of the two companies' telecom-munications businesses.

policies are, of course, a major factor in the recent problems of the UK electronics sector. Profits of most leading manu-

Plessey's activity in sonar tions operations but left their systems is the only major area defence businesses separate. is where GEC has no presence.

A higher proportion of

a trade minister, publicly encouraged the idea of a merger of the two companies' telecommunications businesses.

The liberalisation of the UK telecommunications market and BT's tougher procurement bT's tougher procurement bT's tougher procurement bT's tougher procurement bT's a major tougher procurement by the state of course a major tougher procurement between the two companies' businesses, particularly in radar, tactical radio and compromise which merged the types of communication.

Ministry's efforts to promote amounts to much more than an attempt by GEC to expand its already large UK market share. Whether it would be possible and the types of communication. The product of the two companies' businesses, particularly in radar, tactical radio and other types of communications. attempt by GEC to expand its industry.

already large UK market share. "I thin very much an open question.

Monopolies and Mergers Commission.

Hence, BT would probably not be too worried about any diminution of competition resulting from a GEC Plessey may age that a merger would iminution of competition resulting from a GEC Plessey may age that a merger would into official resistance is in the official resistance is in defence, since it appears to run year, Lord Lucas of Chilworth, counter to the UK Defence of the UK Defence of

"I think the industrial logic is flawed." Mr Douglas Hawkins, of stockbrokers James Capel, said yesterday. "A merger would consolidate GEC's position in the UK, but I think the money would be better invested in a comparable business operating in a much larger

seventh largest company in the dispute that the broad thrust telecommunications which it is free to sell world-wide, some of GEC's key pro-ducts are still made under licence from other manufacturers on terms which often restrict its geographic markets. None the less. GEC's surprise

Lord Weinstock sets out for the centre of the telecoms stage

AFTER DECADES of stately and predictable progress, the international telecommunications industry is suddenly breaking into a brutally competitive version of the elimination quickstep. Worldwide, companies are scrambling to choose partners before the music stops. With major US companies, including American Telephone and Telegraph and International Business Machines, the large computer manufacture of the industry is being reshaped by a proliferation of corporate alliances, takeovers and mergers.

Three principal and relected to general fercer product life cycles and flercer computition. This has become upon if it can sell at least 1.5-2m only if it can sell at least 1.5-2

omputing and telecommunications technology, which is opening up huge opportunities for new products and services in areas such as office systems, factory automation and highspeed data transmission.

The changeover from electromechanical to computerised digital technology has sent the initial cost of developing such exchanges soaring to between panies are struggling to sell spends are something to sell spends as much panies need to spend as much of the world total.

mergers.

Three principal and related forces lie behind the upheavals:

The accelerating merger of computing and telecomputations.

In public switching—the manufacture of telephone exchanges for public networks—which has long been the bread-and-butter business of leading telecomputing and telecomputations equipment.

The accelerating merger of computing and telecomputations.

a wider range of international as \$100m more annually to keep markets to achieve higher sales them up-to-date.

of the world total. Several European suppliers

much more likely that the main axis for European reorganisation will be transatlantic Siemens, which has long been

is already in advanced with GTE, the second tion, talks largest US telephone company, on a proposed joint venture. Some industry observers believe the talks could result in GTE phasing out its own telecom-munications manufacturing business and opening its net-

blocked by the French Govern-ment in advance of next year's parliamentary elections — both for political reasons and because French officials judged the pro-Ironically, the Government-backed merger which created Alcatel Thomson in 1982 was

supposed to produce a world-class telecommunications champion. However, it has failed to do so. Alcatel Thomson has not sold enough public exchanges overseas to compensate for a sharp decline in orders at home

France's experience may be merger of GEC and Plessey could lead to a more rational industrial structure and more efficient production of System X digital exchanges. But given the spread of international alliances and the fierce battle for global markets, would a purely UKbased solution be enough to work to Siemens equipment. assure a world-competitive France's CGE group, owner industry?

TELECOM EQUIPMENT SALES LEAGUE*

	\$
(AT & T (US)	10.2hp
PITT (US)	4.7ba
Siemens (W. Ger.)	3.4ba
Northern Telecom (Canada) L. M. Ericsson	3.3bn
(Sweden)	3.2bn
BM inc. Rolm (US)	3bn
Motorola (US)	2.9hn
NEC (Japan)	2.7bn
Alcatel-Thomson	2.101
(France)	2.6hn
GTE (US)	2.3bn
GEC (UK)	1.4bn
Philips (Nethds)	1.2bn
Fujitsu (Japan	1ba
Plessey (UK)	0.9bn
Harris (US)	0.8bn
384 ligures	

Bolling's

Third man promoted

Michael Angus, the chairman elect of Unilever, sees one advantage in his forthcoming elevation. For two years, he has been the third man on Uni-lever's Special Committee, the all-powerful triumvirate made up of the two chairmen of the British and Dutch sides of the group and one other director.

"It's a three-man chief executive, and theoretically equal,"
Angus says. "But some are
more equal than others. With
two chalrmen it's never very clear who's number one. But there's never any doubt who's

number three."
Unlike the outgoing British chairman Sir Kenneth Durham, who spent his formative years with Unilever as a scientist, Angus is a marketing man through and through. He

through and through. He started 30 years ago as a toile-tries salesman—"I was actually a management trainee, but they threw you in at the deep end"—and on the road to grander things was brand manager for Sunsilk shampoo and head of the contract of the co the group's market research company Research Bureau. His promotion to the Special

Committee was the reward for turning round Lever Bros, the group's huge and sprawling detergents-to-margarine empire in the US, from heavy losses. "It was in loss for the wrong reasons," says Angus.
"I never mind red ink if there's a good reason.'

Slimmer figures

High street stores take note. For the second year in succession the Government is taking a lead by slashing the re-tail prices of its products. Mind you, the fact that the products are official statistics narrows the competition considerably The Central Statistical Office

is once again cutting the prices of all its periodicals published by the Stationery Office. The annual subscription to Economic Trends, for example.

Men and Matters

The monthly Digest of Statistics came down by 35p a copy last year, and is being reduced by a Triher 20p for the coming year.

The CSO says the cuts are being achieved by greater efficiency without any reduction in quality, size, or coverage of the publications.

In its small way the CSO is putting a better shine on the very statistics it sells.

Political comeback

Bou-Bou is back — but hardly in triumph. Robert Bourassa, Premier of Quebec from 1970 until his Quebec Liberal Party was swamped by the autonomist tide of the Parti Quebecois in 1976, can pick up where he left off as a result of his party's victory in Monday's elections. But waters welcomed the But voters welcomed the party back rather more warmly than its leader. Bourassa was defeated in his own Montreal constituency and will have to worm his way into the provin-cial legislature in some future

Bourassa, 52, an Oxford and Harvard trained economist, has always seemed a somewhat cold technocrat to the electorate. He is certainly no television star; and throughout the election campaign trailed badly behind the Quebecois leader, Pierre Marc Johnson, 39, in the per-

sonal popularity ratings.
But Bourassa rebuilt his team
and worked hard at constituency level to win, just as the Parti Quebecois did in 1976.
After that defeat by Rene
Levesque, the PQ founder,
Bourassa seemed finished. But was cut by £24.25 last year to the planned his comeback with six times bigger than Britain the present level of £125. Next adroit timing. He spent some with six million population. He year it is to cost only £115.



Squad let's form a Syndicate"

Brussels, and at John Hopkins in Washington. Bourassa then returned to the political platform in Quebec. A spontaneous welcome from thousands of workers at the C\$14.5bn James Bay hydro project, which he started in the 70s, set him firmly on the

elected party president in 1983, winning a by-election a year The slightly-built and stooping Bourassa, who married into the wealthy Simard shipbuilding family, set a breakneck pace during the six-week cam-

come-back trail. He was re-

paígn, He covered just about every corner of the province, an area six times bigger than Britain

at hand, in plane or car, to keep in touch with his party And he got through to the voters, too, with his promise of better economic management.

Laager hour

South Africa's problems have been muted since the ban on television coverage has taken the rioting there off the world's

But another picture emerges in the South African Financial
Mail, which has cheekily borrowed the FT's Saturday pages
title. How To Spend It, for a
survey of its own, sub-titled
The Rich At Play.

For the South African well-to-do, it says, fun is high on the priority list. "They are deter-mined to enjoy themselves while they still can."

It adds: "Admittedly large numbers of the moneyed folk are too busy planning their escape by land, sea or air, to afford the time off for a brief interlude in a world of fun or fantasy.

"But the eat drink and be merry for tomorrow you may die attitude, as they splurge on anything remotely connected with relieving the doom and gloom, is very much in evidence And who can blame them?"

Of no account

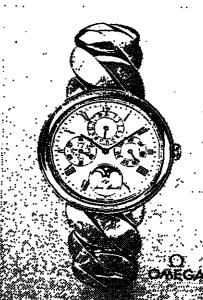
The sharp-eyed members of British Telecom's debt recovery group miss nothing. Hence, apparently, this signed letter to a subscriber in south-west London the other day: "Dear Sir/Madam, You may have forgotten that the instal-ment of £0.0 on your bill for telephone number 01 —— is

"Will you please send me the £0.0 by return. If you do not, it may become necessary to take legal action to recover the debt." Non-plussed by this demand for non-payment, the subscriber says she has sent a suitably

non-committal reply. Observer

Source: Arthur D. Little

LOUIS BRANDT



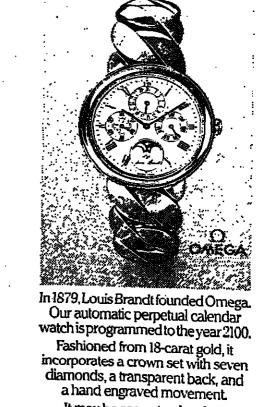
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now overdue.



BRITAIN'S decision whether to withdraw from Unesco — the 160-member United Nations Education, Scientific and Cultural Organisation—which is due to be taken tomorrow, will be more difficult than was originally thought.

When the Covernment gave the statutory 12 months' notice of withdrawal in December last year, the conventional wisdom was that that would be its final verdict. But the official position has always been that, if suffi cient progress were made in the interim to meet Britain's demands for reforms, the Cabinet reserved the right to rescind its original decision.

Over the past 18 months developments within the organi-sation have been positive enough to merit second thoughts on the part of the Government, as reflected in recent ministerial statements on the subject.

It was in April 1984 that Mr Timothy Raison, the Minister for Overseas Development, wrote to Mr Amadou-Mahtar M'Bow, Unesco's controversial Senegalese Director - General, setting out Britain's proposals for changes in the organisation's programme and procedures.

Two weeks ago, Mr Raison summarised the Government's complaints in a House of Commons debate. Unesco had suffered from inefficiency, overpoliticisation and obscure propoliticisation and obscure pro-gramming for many years. It was over-centralised, with a top-heavy administration, out-dated procedures and poor delegation of authority and was being used increasingly as a forum for the propagation of political ideas repugnant to the British people.

The so-called New World Information and Communication Order, worked out by a Unesco-sponsored commission, Unesco-sponsored commission, posed a threat to the freedom of the press because it could be used to justify rigid govern-

What Mr Raison did not say in public was that the British Government was as dissatisfied with the way Mr M'Bow carried out his functions as was the US, which withdrew from the organisation at the end of 1984. Many national delegates con-

sider Mr M'Bow to be arrogant, over-sensitive about his position and fundamentally uninterested in long-term reforms of the

Britain, as distinct from the US, during its one-year period of notice, from actively pursuing reforms in co-operation with its western partners. Indeed, if the outlook today is a good deal rosier than it was when London first indicated formally that it wanted to see changes if it were to remain a member of Unesco it is largely thanks to the efforts of the British Government

The Government considers the results of Unesco's biennial conference, which took place in Sona from October 8 to November 9 to be somewhat of a

future

UNESCO

Reforms may not pass the Thatcher test

By Robert Mauthner, Diplomatic Correspondent

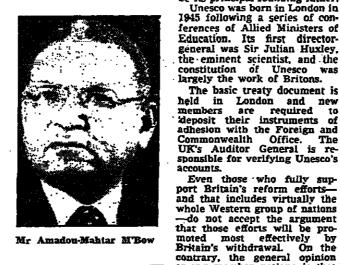
Unesco runs 29 inter-

UNESCO'S main budget for 1986/87 has been fixed at \$307,223,000, reflecting both a zero growth rate and the 1984 of the US, which con-tributed 25 per cent of the total. Britain's contribution in 1986, if ft remains in Unesco, would be \$9m (£6.4m at current exchange rates), or 4.6 per cent of the

Between 1979 and 1983, more than 1,000 operational projects were carried out in some 100 countries by Unesco. The organisation was involved in Hemory Countries. involved in literacy cam-paigns in developing countries involving 15m adults and young people without formal schooling and, in 1980, helped in the training of some 30,000

national campaigns to save historic monuments in dif-ferent parts of the world. Its most spectacular achievement has been the preservation of the temples of Egyptian and Sudanese Nubia during a 20year period up to 1980, including notably the dis-mantling, removal and reconstruction of the twin temples of Abu Simbel. Ongoing scientific pro-

rammes run by Unesco inthe International Geological Correlation Programme, the International Hydrological Programme and the Programme on Man and the Biosphere, which has created 243 reserves to protect precious flora and fauna.



mixed bag, containing an almost equal balance of satisfaction and

The positive aspects, as Mr Raison made clear, were by no means insubstantial. The conference, unanimously adopted a zero growth budget of \$307m for 1986 and 1987, with no extra costs arising from the withdrawal of the US, whose financial contribution made up 25 per cent of the budget. per cent of the budget.

The language adopted on the controversial new world information order ensures that this programme, which the Western countries fear would restrict the freedom of the media, will no longer be pursued with the same urgency.

Britain is also pleased that the atmosphere at the conference was less political than before. In contrast to previous occasions, Unesco adopted "acceptable" resolutions on the Middle East which fell within its competence and several irrelevant political resolutions tabled by the Eastern European countries were rejected. The cated to activities at its Paris Western group succeeded in headquarters. But at least

getting the conference to accept getting the conference to accept a distinction in the definition of human rights and people's rights, interpreted by the Com-munist countries as the rights of states rather than individuals.

The "significant disappointments" related mainly to the priorities given various programmes under a new rating grammes under a new rating system. Britain had been pressing for the greatest priority to be given to key elements of the programme concerned with education, science and culture at the expense of less useful and more theoretical activities and more theoretical activities.

It failed, however, in per-suading the conference to accept that the major pro-gramme dealing with peace, disarmament and human rights should be subject to an average overall reduction of 25 per cent. No more than a small start

has been made on the British demand for greater decentralisation of resources and func-tions arising from the striking fact that between 70 and 80 per cent of Unesco's budget is allo-

'Since wars begin in the minds

of men, it is in the minds of

peace must be constructed'

men that the defences of

something is being done in the

Figures provided by Unesco's Secretariat show that decentralised spending for the next two-year period compared with the current period will be up by 64 per cent in the field of culture, 36 per cent for communications and nearly 30 per cent for social and human sciences. In the two practical areas close to the reformers' hearts, however, progress is much more modest. Decentralised education activities will increase by only 9.7 per cent and those in the natural sciences field by only

15.8 per cent in 1986/87. Though the Government has always said that it would review the pros and cons of withdrawal from Unesco on the basis of what was achieved at the Sofia conference, it is clear that it must also take into account much wider political, financial, much wide historical and factual considerations.

Mr Raison is already on record as saying that the costs of British membership will not be the decisive factor in the Government's decision. Britain's

have repeatedly urged Britain not to take a step which might be taken as a sign that Britain was no longer in-terested in the problems of developing countries.

If Mrs Thatcher and her Cabinet colleagues raise their sights from the nitty-gritty reform balance-sheet to these wider international implications, there is still a slim chance that the decision to withdraw might be rescinded

contribution for 1986 would be a modest \$9m (£6.4m) and cal-culations published by the Commons Foreign Affairs Com-**UK** unemployment mittee show that the financial return to Britain from Unesco in the form of salaries, contracts and purchases of equipment and books is at least as great as this

Corporation tax rebates could create more jobs

By Leslie Palmier

THERE CAN be little doubt that unemployment is now the tion. Indeed, it could be said to be its principal founding father. Unesco was born in London in 1945 following a series of con-ferences of Allied Ministers of most important economic problem, if only because the others seem under better control. Growth has resumed, without being fuelled by infla-tion — a quite remarkable achievement in this country's recent history.

the eminent scientist, and the constitution of Unesco was largely the work of Britons. But unemployment remains intractable. More jobs have been created but not enough of them, particularly in view of the increasing number of women trying to find work outside the home. The Chancellor's belief that companie wouth will The basic treaty document is held in London and new members are required to ideposit their instruments of adhesion with the Foreign and Commonwealth Office. The UK's Auditor General is respectively. belief that economic growth will in due course produce sufficient sponsible for verifying Unesco's employment is only justified if the increase in productivity is greater than the rise in wages— Even those who fully sup-port Britain's reform efforts— and that includes virtually the whole Western group of nations given a strongly unionised work-force, the chances of this

Much more important are the international implications of Britain's withdrawal. The UK, as

its European Community and Commonwheath partners do not

cease to point out, has a special position in the organisa-

Education. Its first director-general was Sir Julian Huxley,

among member nations is that the impetus for reform will be

lost if its main proponent is no longer there to bang the

Nor is Britain likely to be

cated that they consider the re-sults of the Sofia conference to be satisfactory enough to remain inside the organisation.

Other possible political consequences have been underlined

by the Commons Foreign Affairs Committee, the Com-

committee.

came out strongly in favour of Britain's continued membership

last September, said withdrawal would Weaken western influence inside Unesco and hasten the transfer of the organisa-

tion's leadership to the Soviet

The Commonwealth countries

monwealth countries

all-party

Britain's EEC partners.

happening are rather slight. happening are rather slight.

A recent report from the Society of Motor Manufacturers and Traders showed vividly that greater productivity in manufacturing has been paid fon by a reduction in employment and similar results have been, and will continue to be, reported elsewhere in British industry.

How then to encourage employers to take on more workers? Mr Lawson asserts that the Government is doing Nor is Britain likely to be comforted in its action by the withdrawal of other likeminded nations, with the possible exception of Singapore. West Germany and Japan, for instance, have already indiall it can but there is one im-portant fiscal measure, which is non-inflationary, and which could have a major impact.

In short, the Government should reward companies which reduce their average wage per employee by a consequently lower rate of corporation tax. This would be congruent with the withdrawal in the last budget of capital allowances, which were widely seen as encouraging an undesirable preference for machines over

If the average wage had risen or remained the same, the company would, as now, pay the company would, as now, pay the standard rate. A rebate would be earned even if higher wages were paid to those on the books in the previous year, provided that by the end of the current year enough unskilled and lower paid had been taken on. We are, of course, speaking of real average wages, that is to say discounted for any fall in the value of money. Also, to preclude a padding of the rolls with part-timers, the wage may have to be calculated on an hourly basis from records necessarily kept by firms for their own purposes. If the rebate had the effect of making overtime, this would be all to to deflect a firm from adopting the good.

The proposal is designed to address two fundamental prob-lems. First, unemployment appears to be worst among the younger and the less skilled; relatively speaking, the better trained have fewer difficulties. Secondly, unemployment will be significantly reduced only when the large companies take on more labour. This is not to on more labour. This is not to decry the efforts being made to encourage small businesses, but it is doubtful if they can provide sufficient jobs rapidly enough. What seem to be required are measures which will encourage the bigger employers to take on more of the younger and the less skilled labour, so as to offset, if only labour, so as to offset, if only in some degree, the labour-shedding thrust of available technology. The continuing reduction in the rate of interest

may help to an extent, in that companies now leaving large funds on deposit may find it more profitable to employ But cheaper money will also make it easier to buy machines, so perhaps not too much should

expected from this quarter. Rather than macro-measures, it Measures are needed which will encourage

the bigger employers

seems better to take action. aimed directly at the target of reducing unemployment, which does not suffer from the blight of euphemised inflation, and thus more unemployment.

A corporation tax rebate as outlined need not be inflation-ary since it could be set at a level that would be more than compensated by the reduction in unemployment benefits and, possibly, increased income tax. Moreover, unlike an indiscriminate employment subsidy. the price of scarce labour would not be bid up and so encourage wage-push inflation. And the present competitive, non-inflationary climate should ensure that the rebate does not encourage feather-bedding and the consequent increase in unit

Fears that this proposal would work against the re-equipment of British industry rebate had the effect of making seem exaggerated. A reduction the author is Reader in Soul for more employment and less in corporation tax is unlikely at the University of Beth. seem exaggerated. A reduction

the technology it requires to remain competitive. The measure suggested would have an influence only at the margin, for instance in the choice between alternative, equally competitive, methods, where it would encourage choosing the one which required most labour. But the cumulative effect of such decisions, could

be considerable. Not all firms, admittedly are incorporated and in a position to benefit. But nearly all large employers are companies, while it should not be difficult to devise similar inducements for the unincorporated.

Such a measure can also be adapted to encourage firms to resist claims for wages well above the increase in producabove the increase in produc-tivity, and which therefore cause unemployment. It would be salutary for boards of com-panies to know, for instance, that a rise in average wages above a stipulated figure would incur the penalty of increased Corporation Tax.

Some might see in this "employment rebate" an inducement for employers to cut pay. But the level of wages surely owes more to union strength than to lack of fiscal penalties. To the extent that the rebate increases employment, so it will strengthen the unions.

Finally, there are important distinctions between the proposal being made and the former Selective Employment Tax. This sought to shift workers from service industries to manufacturing, and from areas of high employment to those of low, and the many definitions required resulted in consider-able manipulation. The rebate suggested seeks only one, fairly unambiguous end, so making it relatively easy to police; it is also, self-financing from the point of view of the Exchequer.

The measure, of course, is not intended for eternity. Once unemployment has been reduced to tolerable levels, the reduced to tolerable levels, the time will have come to consider whether the rebate should not be discontinued. If, for whatever reasons, its object was being frustrated, it should be withdrawn forthwith. With those qualifications, however, there seems little doubt that such a measure and no doubt such a measure, and no doubt similar fiscal steps, would help in reducing unemployment.

Westland's

From Mr K. Warren MP Sir,—I read with great con-cern your report (December 2) about the meeting at the Ministry of Defence last week where representatives of the French, German and Italian Governments and their helicopter manufacturers reviewed the future business opport-unities of Westland Helicopters, as seen by our Government. The Ministry is the principal customer of this private enter-prise company. The others are Westland's principal

Although my concern in-cludes the authority, status and consequences of the meeting, about which I am writing to Mr Heseltine, my prime concern is the impression such a meeting. convened by its principal custo-mer, will have on its other customers, let alone its competitors.

competitors.

Westland is a major UK
engineering resource. It is
backed up by numerous UK
companies supplying avionics,
engines and support services.
Indeed their input value to the helicopters produced is twice as great as Westland's. From a rapid survey of these companies I can find none which was con-sulted or invited to the

meeting.
The business world knows
Westland has been facing
difficulties. The aviation world
knows how much the company
needs the long awaited decision
the business for the defence on helicopters for the defence of the UK. I find it impossible to believe that the best way for HMG to help Westland is to call

in its competitors.

Westland's salesmen are fighting hard to sell their products and so promote British industry. If their company is the product of the product of their company is the product of the to have a future at all surely it is essential for them to be allowed to make their own decisions without a government department forgetting this is Conservative policy. Kenneth Warren, House of Commons, SWI.

Staying in Unesco

From G. Foulkes, MP Sir. — You are wrong to be complacent (December 2) on the question of UK withdrawal from Unesco. What is at stake is the UK's credibility and influ-ence with its closest allies in Europe and the Commonwealth, and the future of our relations with developing countries.

Let us not forget that Com-monwealth countries have been lobbying unanimously for con-tinued British membership. At a time when Britain's credibility has already been impaired by Government's attitude to sanctions on South Africa, Commonwealth countries would find

Letters to the Editor

Government which signed the Nassau declaration which stated "We recognise that the insti-tutions of the UN are not without imperfections but are con vinced that the solution lies not in their rejection but in their rejuvenation", could then pro-ceed to pull out of Unesco.

There can be no doubting the importance which developing countries attach to continue British membership, which goes a long way to explain why they have given such active support to a process of reform, which has resulted in a detailed timetable for the achievement of all those reforms which the UK has been seeking and which have not already been carried out. In addition the recent general conference confirmed a streamlined committee, drawn from the executive board and separate from the secretariat, to oversee that timetable of reform.

that timetable of reform.

It is also clear, as the Royal Society and other bodies have stated, that much of the work undertaken by Unesco on droughts, earthquakes and others, could not be undertaken on a bilateral basis and that the only multilateral body operating only multilateral body operating in these fields is Unesco. In other words, our international commitment could not be pre-served outside Unesco.

You complain of the development of Unesco from its post-war ideal into a bureaucratic war ideal into a pureaucratic machine. The fact is that this burgeoning of bureaucracy was inevitable given the process of decolonisation which has occur-red. The only alternative is to deny the new independent countries a voice in the UN. which I assume you are against.
Given these factors and stressing once again the enormous steps which Unesco has taken in so short a space of time, there are no objective reasons for withdrawal. Such a step, would be seen and quite rightly, as a political appeasement of the US and an attack on the entire UN system. I hope that sensible voices within the Cabinet do not allow it to happen.

George Foulkes. (Opposition spokesman foreign affairs), House of Commons SWI.

Third World attitudes

From the Chairman. British Youth Council

Sir.—I was disappointed by the curious lack of logic in your arguments about Britain leaving Unesco. Your editorial (December 2) begins by showing are the extent to which the ing us the extent to which the

it hard to understand how a difficulties complained about last year have been overcome but concludes not encouraging the UK to remain, but in accepting withdrawal as inevit-The argument is not on

about money. Nor does it seem any longer to be one about policy-since Unesco is clearly prepared to accommodate the fears Britain has about some past difficulties. It would seem that we are prepared to leave the only major inter-national educational and cultural forum because of a nationalist policy in the US, as Mr Heath suggested recently in the Commons. You say "the question is not

nearly so important as it sounds." Yet one wonders if in The Third World that is the attitude. In countries where illiteracy touches three in four people one doubts whether such a dismissive attitude would be accepted. It may be true that "education, science and culture can thrive without it." but or basis. The fact is that Unesco is the only body which has genuine international backing. Logically, if Unesco is dis-missed, other UN bodies cannot

be far behind. Unesco has pushed aside those programme, to which British objections were strongest. It is up to us to push for greater literacy and education programmes within the organisation. Young people in the Third World deserve that much. It is certain, however, that shouting from the sidelines will not effect such change. Malcolm Ryan. 57, Chalton St. NW1.

Lawyers and their assistants

From Mr P. Randall, Sir, — Nicholas Sherrard's letter (November 27) gives rise to two interesting points. In these days of complex accountarty and financial data would not a solicitor who failed to seek the advice of expert accountants rather than leave it to counsel to "unravel" be guilty of negligence? After all, a solicitor's failure to seek medical assistance in a serious personal injury case with any complications would surely be seen at once as being remiss. And wouldn't a barrister who did not suggest expert advice in a financial matter be at risk, too?

Mr Sherrard seems to me to confine the need for specialist advice too narrowly in the liti-

gation context. I realise that he

sees the accountant's role as

nal cases and not just thos involving fraud. But he may have overlooked the importance of the specialist accountant's role in family law cases where such matters are daily before the courts in chambers. In my own case the only thing my ex-spouse and I were agreed about was that none of the lawyers understood the business ac-counts and the registrar was left to do what he called "rough justice." We heard "rough justice." We heard afterwards that a famous advocate of the past had protested that such a phrase often con-cealed "just roughness." Isn't that just what has to be avoided? Philip Randall, 47 Hanley Road,

The Channel From Mr J. Clement

Cobham, Surrey.

Sir,—Your leading article on the Channel Link (November 29) is a timely and powerful plea for greater consultation on a project of such magnitude.

It seems to be generally accepted that a fixed link will be in the national interest. But will it, I wonder, be in the in-terests of the whole of the nation? Is there not a possibility—even probability—that it will prove to be a major attraction for new industrial and commercial developments in the immediately surrounding area, thereby adversely affecting the interests of the peripheral areas of Britain where such developments are more desperately needed? American firms wishing to set up new manufacturing ventures in Britain, as a "gateway" to Europe, might well decide that the locational advantages of being near to the link outweigh the financial incentives on offer in the other industrial regions.

There is also the question of public expenditure. Granted that the link itself is to be privately financed, but if, as is almost inevitable, there are major "spin off" industrial, commercial and residential developments in the vicinity there will be calls on the public purse to provide services for

those developments Given the Government's stance on public expenditure might this not mean the necessary funds being found at the expense of areas of greater

These are not necessarily arguments against going ahead with a fixed link, but they point to the need for much wider consultation. The link should not benefit

the south east of Britain at the expense of the "other half" of the nation. Let the whole country—not least mine—have a share of the cake.

J. H. Clement. 6. St Brioc Road

When you think about how personal computers are actually used, you'll see why Xchange is the ideal office software

In our experience, most personal computer systems are acquired in a rather odd way.

People can spend months deliberating about what hardware to get, only to rush into buying often inappropriate software. They soon learn the hard way that without the right programs a computer is about as useful as an engine without petrol. So how should you choose software for your office computer?

You could opt for the old favourities. The big drawback is that

by today's advanced standards. Or you could go for one of the new American integrated programs. The problem here is rather different. Having been developed mainly with the financial executive in mind, they are not designed to handle the large files and big databases

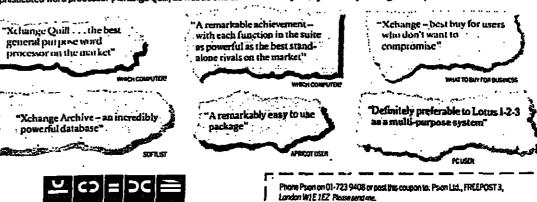
the software, being a good many years old, is relatively crude

required by a busy office. In practice, the two most heavily used functions in an office are word processing and database management. And that's exactly why the Xchange suite of programs contains both a sophisticated word processor (Xchange Quill) as well as one of the most advanced database programs (Xchange Archive) yet developed. Which Computer? recently named Xchange Archive as its "best buy" database program against such competition as dBASE III", Delta" and Smart". The other two programs in the Xchange suite provide excellent financial modelling and business graphics features. As a result, Xchange can transform a personal computer

every member of your staff with the facilities they need. All four programs (which can be bought separately or as a complete set) have been designed to link together to form an integrated system. This allows you, for instance, to jump from job to job at the press of a key, and to exchange information between programs.

into a highly efficient office workhorse, capable of providing

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FINANCIAL TIMES

Wednesday December 4 1985



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Carbide to pay extra \$890,000 to Bhopal workers

By K.K. Sharma in New Delhi

UNION Carbide India, the subsidiary of the US multinational whose pesticides factory at Bhopai was closed after the gas leak tragedy a year ago, yesterday announced that it had reached a settlement with former workers at the plant on com-

The Indian company announced in Bombay that it would make a payment of Rs 10.7m (about \$890,000) in addition to normal benefits for termination of employment received by the 627 Ehopal employ-

The former employees at Bhopal have been agitating for higher com-pensation than is stipulated legally on the grounds that closure of the pesticides plant was the result of highly unusual circumstances. The factory was closed on orders of the Madhya Pradesh state government after more than 2,000 people were killed and about 200,000 injured because they inhaled methyl isocynate gas that leaked from storage

The first anniversary of the worst industrial disaster yet was observed in Bhopal and Madhya Pradesh yesterday with prayers and with demonstrations against Union Carbide, which was strongly attacked for not having given any financial assistance or compensation to the gas leak victims, thousands of whom are still to be rehabilitated.

New York district court for compensation from Union Carbide. The stances." company wants the cases to be dealt with in Indian courts.

Efforts to reach an out-of-court settlement have not succeeded and a long legal battle on the questions of jurisdiction and liability is

expected.

The announcement that Union Carbide India has reached a settle-ment with the Bhopal workers' union on their compensation claims is expected to strengthen the argu-ment of the Indian Government that special compensation should also be paid to the gas leak victims.

Westland to discuss joint rescue bid

By James Buxton in Rome

SENIOR executives of three European helicopter companies are to meet Mr Michael Heseltine, the UK Defence Secretary, and officials from Westland on Thursday to discuss a joint proposal for rescuing the troubled British belicopter

The three companies are Aerospatiale of France, Messerschmitt-Bölkow-Blohm of West Germany and Agusta of Italy. Last Friday in London they agreed a protocol of understanding on a proposal to buy and divide up equally between them 29.9 per cent stake in Westland.

The agreement was also signed by Lloyds Merchant Bank for the French and West German compa-

The French and Italian companies, which are state-controlled, then presented the proposal to their respective governments.
It was learnt yesterday that the

Italian Government had not yet given approval for Agusta to invest in Westland. None the less the Italian Govern-

ment indicated to Agusta before last week's London meeting that it was prepared in principle to give it financial backing to a rescue operation for Westland.

The future of Westland, which faces a serious financial crisis be-cause of a shortage of work until 1990, is crucial to Agusta because they are working jointly on a project for an improved version of Agusta's A129 anti-tank heliconter. Agusta, whose own financial posi tion is weak, is depending heavily on this Westland project.

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Westland job cuts, Page 6

Cable and Wireless sale set to raise £933m

BY LUCY KELLAWAY IN LONDON

year, has been fully underwritten at 587p a share, 5 per cent below Mon-day's closing price on the London Stock Exchange of 618p.

The issue will raise a total of £933m (\$1.38bn), of which £802m will go to the Government, which is selling its remaining stake in the rapidly expanding telecommunications group. The remaining £331m will go to the company. The shares are in partly-paid form with 300p payable on application and the balance in March 1986.

The modest size of the discount came as no surprise to the City of London, and broadly matched that on the recent British Aerospace is-sue, although it was lower than the completed by the brokers to the is-

to inform the public about the Cable and Wireless issue, exceeded in intensity only by the British Telecom

Merchant bankers to the issue, J. Henry Schroder Wagg and Klein-wort Benson, have just completed a roadshow of Britain and continental Europe, raising awareness of the company among private investors.

"The feedback from the roadshow has been most encouraging and we are looking forward with confidence to this being a most successful issue," Mr David Clementi, of Kleinwort Benson, said yesterday.

The placing of the shares with in-

THE SALE of shares in Cable and Wireless, the UK telecommunications group, which will be the second largest UK equity issue after the flotation of British Telecom last where fully underwritten at the properties of the properties prospectus released last month, up to two thirds of those shares can be clawed back from the institutions to meet demand from the public, existing shareholders and employees.

> The prospectus will be advertised on Thursday and application lists will open at 10am on December 11. Prospective investors are warned to post their applications early to pre-vent them from becoming caught in

> Underwriters are not doing as well out of the issue as they did with some earlier government share sales, receiving a commission of only 0.5 per cent on the portion of shares being placed directly with them, and 1.25 per cent on the shares subject to the recall clause.

Sohio to take \$1.15bn charge for mining restructuring costs

BY WILLIAM HALL IN NEW YORK AND DOMINIC LAWSON IN LONDON

turing its loss-making mining Mr Alton Whitehouse, Sohio's

chairman, said the charge, which will be taken against fourth-quarter The Indian Government has filed a claim on behalf of the victims in a rate-wide reassessment of our assets in light of today's circum-For BP Sohio's write-offs will be

reflected in an extraordinary charge of about £600m on the current year's accounts. This compares with oil analysts' estimates that BP will make profits of about £1.7bn after tax this year. Sohio's action recognises concern

about future oil prices, the continued weakness of coal and copper markets, and general uncertainties.

quarter charge and the associated moves to boost cash flow and profitability were long overdue. Some of Sohio's rivals took simi-

lar action some months ago for fear of attracting the attentions of a corporate raider, said one analyst, who noted that there had been less pres sure on Sohio because it was effectively protected from the pressures of the marketplace by BP's majority ownership.

Aside from the write-off, Sohio al-

so announced yesterday plans to spend \$400m on restoring the profi-tability of its money-losing copper operations, an estimated 20 per cent cut in annual capital spending, a cutback in oil exploration, and increased emphasis on oil production and development.

STANDARD Oil of Ohio (Sohio),
British Petroleum's (BP) 55 per cent
owned US subsidiary, is taking a
\$1.15bn after-tax charge that will
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measures will be comp tions should contribute approxi-mately \$175m "to 1986 after tax

> In the first nine months of 1985 Schio earned \$1.08bn. In 1981, Schio's peak year, the group earned

A large part of yesterday's writeed diversification into copper min-ing in 1981. Its \$1.8bn acquisition of Mg In 1901. Its 31.000 acquisition of Kennecott, the largest US copper producer, coincided with the peak in metals prices. Since then copper prices have dropped by over 50 per cent, which has led to heavy losses for Kennecott's new owners. Earlier this year Sohio suspended operations at its biggest copper : Bingham Canyon in Colorado.

£164m 37,500

GEC makes surprise £1.16bn merger approach to Plessey

Continued from Page 1 approach to Plessey. He denied that

there had been any advance consul-tation with the Government. Both the Department of Trade and Industry and the Ministry of Defence declined to comment last night. It was unclear whether the Government would refer a deal to the Monopolies and Mergers Commission if GEC made a formal offer. British Telecom also had no

Lord Weinstock said GEC's proposal was intended primarily to achieve improved efficiency and output of telecommunications equipment, particularly of the System X digital public telephone exchanges which both GEC and

Plessey make.

SA emergency rule lifted in eight districts

Continued from Page 1 Their presence, they said, was to express the sympathy of their countries and to protest at police conduct. "I am here to express US support for the principle of peaceful protest," said Mr Tim Carney, politi-cal counsellor at the US embassy. Police kept away from the town-

■ Inkatha, the predominantly Zulu organisation in South Africa, has strongly attacked the newly formed Congress of South African Trade Unions (Cosatu), accusing it of be-ing a new front for the African National Congress (ANC)."

He said the stricter procurement policy adopted by BT, particularly since it was privatised last year, Lord Weinstock has been a vocal tempted takeover by Thorn EML.

for its suppliers and required them of the privatisation of BT. to perform to much higher stan-

had created a more difficult climate critic of the Government's handling

HOW THE COMPANIES COMPARE

£5,97bπ £725m 165,000

QEC Plessey (year to March 31, 1985) (year to March 29, 1985)

controls systems and controls of the communica-ions and business systems; tions; serospace and en-urtomation and control; gineering; micro-electronic nedical equipment; power and components; computer eneration; electrical equip- peripherals

EMS logjam broken Continued from Page 1

Pre-tax profits

dards than in the past.

"I certainly concede that the way

ing the ultimate sovereignty of the member-states.

A very modest package of reforms was expected to emerge, including a treaty on foreign policy co-operation, measures to step up development of new technologies, environmental protection and more support for the poorest EEC mem-ber-states, industrial regions and

adamant that the whole deal must

tion of an open Common Market. be acceptable to the European Par-They were also still divided on a liament, while Denmark fears it plan to increase the powers of the European Parliament without erod-proved by its own national parliament in Copenhagen.

Lord Weinstock argued that yes

terday's merger proposal was dif-ferent from GEC's approach last

Either of the two could upset finalisation of the whole package, which requires unanimous agree-ment, and ratification by all national parliaments. It will also need to submitted to rigorous legal

Mrs Thatcher's concession on the monetary reform was the first major move made by the British Prime Major reservations are likely. Minister to encourage agreement, however, from both Italy and Denmark. The Italian Government is to the whole exercise of treaty

Western aid 'to rise 4%'

tries is expected to increase by 4 development aid to developing per cent in real terms this year and is likely to continue growing modestly next year, Mr Rutherford many member countries, Mr Poats Poats, chairman of the Develop- said he was encouraged by the conment Assistance Committee (DAC) tinuing growth in development asof the Organisation for Economic sistance. The 4 per cent increase Co-operation and Development this year represented about \$1bn of (OECD), said yesterday, Paul Betts growth in aid.

writes from Paris. of the annual meeting of the com-mittee, which for the past 25 years of aid has in some cases lagged be-has sought to encourage a common hind the growth of the gross nationapproach to aid to developing countries. The committee includes 19 tries with the current ratio of devel-Western countries which together opment aid to GNP averaging 0.36 are responsible for about 75 per per cent last year

WESTERN AID to developing councent of the total flow of official

Despite budgetary restraint in

Mr Poats said there was still con-Mr Poats was speaking at the end siderable scope for increasing the

attacked for report on social problems

UK church

Church of England's report on the state of Britain's inner cities opened yesterday with government leaders attacking it as being mud-dle-headed and Labour Party

The report's contribution to the debate was welcomed by the Lib-eral and Labour parties, the Trades Union Congress and the Confederation of British Industry, the UK employers organisation, and Lord Scarman, author of a previous report on inner cities.

Dr Robert Runcie, The Archbish-op of Canterbury, officially pubshed the report, by the commission he set up two years ago to inquire into urban priority areas. He urged that the report which was leaked at the weekend, should not become a political or ecclesiastical football and he attacked the "smear campaign" against the report before

"Some of the unattributed sources have really done damage to themselves by the kind of irresponsible generalisations which have been made about a report before it had been read" he said.

This was taken particularly to refer to reports that an unnamed vernment minister had dismissed the report as Marxist theology. Dr Runcie denied that the document

The report is deeply critical of the Church of England's record on the inner cities and calls for reforms within the church. But its parallel criticism of government policy in every area, especially housing and employment, has touched a particularly sensitive nerve.

Mr Jeffrey Archer, deputy chairman of the Conservative Party, said it would have been wiser not to have chosen "a known supporter of the Labour Party" as chairman (Sir Richard O'Brien, former chairman of the Manpower Services Commission, which administers the Government's employment and train-

Mr Norman Tebbit, party chair-man, said Sir Richard was a former Labour member and supporter, "and I don't know if he still is." Sir Richard replied that he had not

been a member of the Labour Party since he moved to London 10 year Mr Norman Willis, General Sec-

retary of the Trades Union Congress, said he was sorry the report and come under such attack. It was an important but basically moderate report Mr David Steel, the Liberal lead-

er, said the report's general thrust and emphasis on housing and employment were much to be welcomed as a serious contribution to the solution of a grave social

Dr Runcie said the report would not be a comfortable read for those exercising power in both church and state. "It raises questions not only about church priorities but about national, ethical and moral priorities too."

People must recognise the magnitude of the social and economic plight that had overtaken some parts of Britain in the last decade, he said.

News analysis, Page 9

Pan-European chip company on target

Continued from Page 1 summer of 1986 from rented plant

in Europe.
ES2 also plans to establish design centres in or near London, Paris, Munich, Milan and Stockholm. It will franchise its microchip design technology in order to increase the volume of custom microchip de signs available for translation into

silicon chips.
All of ES2's senior management appointments have been made. Mr Jean-Luc Grand Clement, formerly of the US semiconductor group Mo-torola, has been named chief executive officer. Mr Robert Heikes, for merly European managing director for National Semiconductor, and

Mr Robb Wilmot, chairman of STC International Computers, are nonexecutive co-chairman. Mr Pierre Lesieu, formerly with Motorola European Semiconductor Products, is vice president for fi-

nance. Mr David Cooksey, co-founder of the venture capital company Advent Technology, is a nonexecutive director. Dr John Gray and Dr Irene Buchanan, co-founders of Lattice Logic, a UK-based company which has pioneered the techniques in

which ES2 will specialise, are to leave Lattice to join ES2.

THE LEX COLUMN

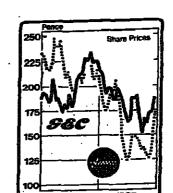
Conference call from GEC

The market has been demanding action from GEC for so long now that it was honour bound to greet yesterday's approach to Plessey as a move which added several hun-dred million pounds to the joint market value of the two groups. In the excitement of the moment, there was little attention paid to the depressing profit figures almost coincidentally sent out from GEC yesterday. But that would have spoilt the fun. Like Plessey a couple of weeks ago GEC was putting out news of significantly lower pre-tax profits for the first half of its year; at £289m, GEC was about 13 per cent down.

The argument for the proposal is clear enough. Faced with expensive duplication of effort in one major activity - telecommunications - and in many other places besides, GEC can see that consolidation ought to improve the returns, not just in manufacturing but in research and development as well. In markets where large investments have led to world over-capacity, it is compellingly attractive to reduce the amount of capital employed and turn it over faster. Moreover, the idea of fighting more effectively against the groups' increasingly cantankerous monopoly customers, British Telecom and the Ministry of Defence, is seductive, provided that the customers and the OFT will be a seductive of the customers and the OFT will be a seductive of the open and the OFT will be a seductive of the open of t wear it. If international scale is tru-ly a motive, it may be that GEC has so changed its policy on competing in the public switching markets that it is even prepared to pump serious amounts of money into Plessey's struggling US subsidiary, Stromberg Carleys

Stromberg Carlson. Ramming the two organisations together, in Lord Weinstock's best style of the 1960s and 1970s, could thus solve a number of the structur-al problems which have been worrying investors in the UK electronics industry of late. Yet it leaves unanswered the questions about international marketing and competitiveness which might conceivably have found a solution if GEC had been able to secure a deal with one of its foreign counterparts.

At the same time creating a stronger domestic capability in eith-er telecoms or in defence electronics may be to some degree self-defeating: BT appears only too likely to seize an exuse for driving down seas. If this seems a less easy op- them over the past few days.



tion for the Mod, it can still tighten the screws by going more often to the likes of Racal and farranti.

the likes of Racal and farrant.

Constructive GEC's proposal may be, but tactful it is not. Had GEC gone to Plessey with a cash offer of 180p, on a morning when the shares were opening at 130p or so, Plessey's directors might have found it hard to avoid recommending actions. ceptance. Coming in 20p lower, and with so little warning, GEC has probably done what is necessary to ensure that a deal cannot be struck at much less than 200p, if at all.

Admittedly, Plessey cannot be adequately valued just on its balance sheet; its technological resources demand a rich layer of goodwill. But market forecasts for its current year profits vary by as much as 40 per cent; it is hard to say what that remium should be. On the market's most pessimistic profit projections, however, the Plessey multiple at GEC's price does not rise much above 12 - remarkably close to GEC's own, on the reasonable assumption that its earnings per share for the year, as for the first half, are static.

Cable and Wireless

Safety first has been the guiding principle of the Cable and Wireless offer, so it was no surprise yester-day to see the sponsors setting the subscription price at a conventional per cent discount. If they take their cue from the secondary mar-retrenchment, this could translate ket, the underwriters may already into an earnings boost of about be having bad dreams about the underwriting risk. It took the GEC/ from a classic Pickens package is Plessey proposal to reverse the any new share-repurchase scheme market's fall yesterday and Cable — which would certainly make sense has been sliding with the best of if BP really is taking a greater hold

But, unless the market really takes a dive, the institutions should be well protected by the almost embarrassing level of retail interest in new equity. Cable may not quite be Laura Ashley but, by the time the television marketing campaign has finished, submarine cables should look almost as exciting as designer wallpaper. So there is a strong possibility that retail demand will be strong enough to trigger the clawback from the institutions.

In those circumstances, it is only right for the issue's sponsors to restrict the firm placing commission to h per cent. There is no point in paying investors more for the privi-lege of taking equity which they would otherwise have to buy at a higher price in the market

BP/Sobio

Mr T. Boone Pickens may have retired from the corporate stage, but his spirit lives on. Yesterday's decision by Sohio to write off well over a tenth of its net worth falls cleanly in the pattern set by Arco, Amoco and Mobil in anticipation of a threat from the likes of Mr Pickens; and one can only surmise that Sohio would have been forced to act earlier but for the protection af-forded by Britannic House.

The London market had been

primed to expect some charge to BP's fourth-quarter earnings from a clean-up of its metals and mining operations; but the extraordinary item of £600m announced yesterday was, as they say, rather higher than expected. In wiping over \$1.8bn (or \$1.15bn after tax) off its mining assets and various oil and gas leases, Sohio has recognised the bankrupt-cy of its decision to divert Prudhoe Bay cash flow into the Kennecott copper acquisition in 1981; or per-haps the write-off was the price of BPs approval for a last-ditch \$400m investment at the copper mines.

As it is, Sohio should see a cash benefit (not least from lower tax payments) of about \$500m; and with a drop in the exploration charge next year as part of the corporate on Sohio's management.

ADVERTISEMENT-

Khartoum North Power UPDATE

A Bulletin about New Business from Northern Engineering Industries plc

Sellatield Equipment (UK)

Thompson Nuclear Engineering has secured a £3m order to supply British Nuclear Fuels with handling equipment for active plant at

Gears for Danish Navy (Europe) Allen Gears will supply main propulsion gearing valued at £1.25mt for seven vessels of the Royal Danish

Display Systems (USA and Saudi Arabia)

NEI Canada has won orders for electronic display systems including pro-tennis scoreboards for Santa Clara Convention Centre, displays for Chicago Mercantile Exchange. and a £300,000 Datarama for AT&T Saudi Arabia.

Haulamatic has secured a Elmorder for 15 tonne dump trucks from the Ministry of Defence, mainly for European service.

Dump Trucks (Europe)

Communications Order (Canada) Extel Corporation has won an order insupply 1000 ConWriter terminals to CNCP Canada.

Dungeness Switchgear (UK) Reyrolle Power Switchgear has obtained a £1m order from the CEGB for 300kV SF6 switchgear for Dungeness power station. Kent.

Distribution Transformers (Canada) NEI Canada has won a £250,000 order for distribution transformers

Equipment for Bahrain (UAE) Lee Howl has secured an order for pumps, pipework, valves, controls, fans and ducting for the Tubli Bay tankered waste project in Bahrain. | Tel: Tyneside 091 284 3191 Telex: 5'37900 (NEI NCL G)

Station Officially Opened

A beMW oil-fined utility power station built by NEI in the Sudan was officially opened yesterday (3rd December) by the Sudanese Minister of Finergy, Mining and Industry, H.E. Abdel Aziz Osman Musa, H.R.H. Princess Aune was present at the opening.

H.R.D. Fluxess cause was present an excension.

NEI Projects Ltd. NEI's central engineering and contracting company, headed the consortium which built the power station for the National Electricity Corporation. It has been generating electricity since the beginning of the year and gave particularly good service during the recent drought which cut output from

hydro-electric stations.

Several NEI companies were involved in supplying equipment for the ESIm contract; the two bodiers were from NEI International Combustion and the two turbute generators from NEI Parsons; NEI Reyrodic supplied the switcheser and NEI Thompson the water treatment plant.

NEI Electronics supplied the control and instrumentation systems, including direct digital control of bodiers and turbutes producing immediate response to turbuses producing immediate response to the electrical load requirements of the Blue Nile grid.



Northern Engineering Industries plc

Newcastle upon Tyne. England NE3 3SB

NEI House. Regent Centre.

New Electrochlorinator Launched International Research & Development

Co. Ltd. has developed a new electro-chlorinator now being marketed by Cogent Ltd. The equipment disinfects 200,000 lines of water per day, enough to supply 4000 people, and has applica-tions in hospitals and in many communities and commercial operations throughout the world where waterhome diseases are a danger. A patented shape of electrode prevents the build-up of calcium scales which hitherto caused difficulty in the freshwater use of electrochlorinators.







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* \$5.00

Total or

SECTION III

FINANCIAL TIMES SURVEY

Province where contrasts abound

By Malcolm Rutherford

NORTHERN IRELAND is again NORTHERN IRELAND is again in the forefront of world news. The Anglo-Irish Agreement signed by Mrs Margaret Thatcher, the British Prime Minister, and Dr Garret Fitz-Gerald, her Irish counterpart, at Hillsborough Castle on November 15 will ensure that it stays that way for a while to come. So will the reactions of the Ulster Unionists, who have not exactly cheered it to the rooftops.

It is not the first Anglo-Irish agreement even in recent times. The Sunningdale Agreement in The Sunningdale Agreement in 1973 was potentially still more far-reaching. The former proposed a Council of Ireland, made up of representatives from north and south, which would have executive responsibilities.

There is nothing like that in the Hillsborough accord: only a commitment that the Republic of Ireland should have a con-sultative role in Ulster's

Sunningdale foundered for a variety of reasons. There was an early general election in Britain as Mr Edward Heath became engulfed in the miners' strike, a change of government and determined resistance by Ulster workers. Perhaps, also, it was too amhitious.

Since then there have been initiatives by successive British administrations aimed at the rather more modest target of first securing some reconcilia-tion between the two communities in the north before going on to the Irish dimension. None

Labour Party refused to take up its seats in the Northern Ire-Labour Party refused to take up its seals in the Northern Ireland Assembly, established when the Secretary of State was participate in the elections.

Mr James Prior, though it did participate in the elections.

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The violence has been connothing like beaten and it remains unpredictable. The number of deaths from terrorism in Province. Mrs Thatcher was though the province of deaths from terrorism in Province. Mrs Thatcher was the US and from Europe So has decimal the very nearly killed by it at the Connervative Party Conference in Ulster has agreement a "sell-out," holding in violence in Ulster has agreement a "sell-out," holding in the violence in Ulster has agreement a "sell-out," holding in violence in Ulster has agreement a "sell-out," holding in violence in Ulster has a province of the violence in Ulster has a massive—but peaceful—rally in source of the violence in Ulster has a massive—but peaceful—rally in source of the violence in Ulster has a massive—but peaceful—rally in source of the violence in Ulster has a massive—but peaceful—rally in source o





Thatcher and Dr Garret FitzGerald is the latest initiative to reduce the friction between the two communities in Ulster. So far strong reactions locally are typical of the strange contradictions of the social and economic arena of Ulster itself.

of them came to much.

The people in the Britain.

The violence by removing some of its causes are unlikely to get of the external factors are much sympathy.

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Anglo-Irish co-operation, but the agreement was signed for thinking that the Northern tional government in Dublin November 22.

Anglo-Irish co-operation, but the agreement was signed for thinking that the Northern tional government in Dublin Showed that 59 per cent were in Ireland which successfully than it is to Britain. People who oppose an Anglo-Irish agree-ment by industrial action in ment that might help to reduce Ulster has been much into the violence by removing some of its causes are unlikely to get of the external factors are worth noting.

The role of the British army in ment that might help to reduce Ulster has been much into the violence by removing some of its causes are unlikely to get much sympathy.

liberate policy to provide a kind

pulling its weight. There is now a great deal of cross border

Economy/Industry Banking Politics Industrial Aid Research Range of grants Linen industry Energy Gold Agriculture

is that hardly anyone claims any more that the Republic is not

security co-operation and there is likely to be more.

Mrs Thatcher is probably a factor in her own right. She did

not have to seek agreement in an area where so many others have failed before her. Yet, having done it, there is a wide-

spread belief that she will do her utmost to make it stick.

CONTINUED-ON-PAGE 2

Contents

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the future.

International Investors
show confidence in
Norther Ireland

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Northern Ireland 2

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University of Ulster

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Progress on most fronts

Economy/ industry HUGH CARNEGY

THE CITY centre of Belfast in many ways offers a good guide to the state of Northern Ire-

land's economy.

At first sight, one notices well-stocked stores busy with shoppers, plenty of smart restaurants and fast-food outlets, late-model cars on the streets and thriving theatres and

cinemas.
A second look ,prompted perhaps by the sight of a slate-grey armoured police land rover prowling by, is less reassuring. A block of offices swathed in scaffolding while bomb damage is repaired. A few streets away stands a derelict terrace of houses, their windows bricked up. In the distance loom the vast gantry cranes of the Har-land and Wolff shipyard.

These impressions are the outward signs of the economic story that the statistics tell; that consumer spending is buoyant, a lot of small businesses are thriving and many people are doing very nicely,

people are doing very nicely, thank you.

Behind this, the province still suffers from the violence it has endured for 16 years and from the recession in its traditional industries which together have necessitated huge public subsidies to keep the place affoat.

That is not to say that the outlook is all gloom, for there are many examples of genuine progress that have some businessmen in the province talking about a new spirit of enterprise inspiring the place. A hearten-ing feature of this is the progress made in Northern Ireland's traditional industries after the grim recession years of the early

In the engineering sector, the most recent PA Business Survey reported a 17 per cent increase in output in the year to the end of September 1985 over the previous same period and pre-dicted that employment in the

last two years and now enjoys a £200m order book. Company losses have fallen to £36m in 1984-85 from £46.5m in 1982-83 and Government subsidies have also fallen to 0.9 per cent of the where previously produce was Northern Ireland budget from mainly shipped unprocessed. So

MEN

52-104 weeks

Time out of work Less than 4 weeks

Under a dynamic chairman, Mr John Parker, H and W has modernised what is Britain's last remaining integrated ship-yard and has won orders for four refrigerated cargo ships for Blue Star, two 173,000 tonne bulk carriers for British Steel and a sophisticated SWOPS (single well oil production system) ship from BP.

system) ship from BP.

Just across Belfast's dockland, the city's other famous
state-owned company, the aircraft and missile manufacturer
Short Brothers, which employs
6,600 people, announced a profit
of £523,000 in November for
the year to March 31 1985, a
turnaround from £2.4m losses
in 1983,84 and its first profit in 1983-94 and its first profit since 1974. Its order book also looks healthy.

The textile industry has also got to grips with post-recession

Fashion trends and new tech-Fashion trends and new techniques have revived the linen industry and the second season of revived commercial flax growing has been completed. The PA survey shows textiles output up 2 per cent with a 27 per cent increase in planned investment over the next 12 per cent despite a secont slight vestment over the next 12 months, despite a recent slight drop in orders.

Optimism in the textiles sector was also boosted by the announcement in November by Du Pont, the US chemicals-tofibres concern, that it is to build a £45m plant next to its existing facility at Maydown, outside Londonderry, to produce Kev-lar, a non-woven fibre used in the marine, aerospace and car industries.

When the new plant comes into operation in two years time, it will employ 300 people in addition to the 1,350 already working at Du Pont's existing plant making Lycra.

Clothing sector

In the clothing and footwear sector, where garment making is doing well, output is up 11 per cent and orders have risen by 15 per cent.
Northern Ireland's third

sector would hold steady over the next year.

Harland and Wolff has shed more than 1,000 jobs over the Development Board (IDB) sees great potential for growth.

The emphasis is on developing more value added activity by encouraging food processing for direct selling to retailers

18-19 546 1,236 1,302 2,248 1,983 1,086 8,401

Public Expenditure in Northern Ireland 1984-85 to 1987-88

PROGRAMME: Agriculture, fisheries, food, forestry Industry, energy, trade, employment Transport Housing Other environmental services Law, order and protective services Education, science, arts, libraries Health and personal social services Social security Other public services Common services PUBLIC CORPORATIONS FINANCE: NI Housing Executive NI Electricity Service NI Transport Holding Company Total	out-turn fm 88 332 95 149 159 422 589 666 1,204 22 36 198 77 21 4,059	planned £m 83 399 168 164 444 616 699 1,274 22 43 191 95 23 4,254	1985-86 total 2.0 7.8 2.3 3.9 10.4 14.5 16.4 29.9 0.5 1.0 4.5 2.2 0.5 100.0	in 1985-86 over 1984-85
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companies such as Moy Park outside Dungannon, which pro-duces more than 500,000 chickens per week, and Master Meat Packers of Omagh have had considerable success, both recently expanding their workforces. Investment in the sector is predicted to grow by more than 30 per cent over the coming year.

Many of the success stories in Northern Ireland arise among the crop of small busi-nesses fostered by the Local among the crop of small businesses fostered by the Local Enterprise Development Unit (LEDU). The province boasts a lower business failure rate than most of the rest of the United Kingdom.

Northern Ireland's industrial relations record is good, with political problems rarely pene-trating to the shop floor thanks to close management-trade

to close management-trace union relationships. So proud is the province's Labour Relations Agency of its record that a report by the Industrial Society earlier this year which said Northern Ireland had the blobest absenteeism in Britain highest absenteeism in Britain was angrily rejected by the agency as inaccurate.

For all the encouraging signs in industry, the most startling indicators arise in the consumer field. The latest consumer field. The latest Crosshaven Financial Intelligence quarterly review will show that consumer spending was growing at 2.2 per cent this year, with further projected growth of 2.5 per cent in 1986.

Bank personal lending surged by 16 per cent in the first nine months of 1985, hire purchase arrangements also grew and new car registrations

25-34 1,160 2,435 2,754 3,375 4,300 10,018

25-34 1,030 1,603 1,500 2,007 1,176 1,266 8,582

35-49 843 1,753 2,156 2,573 3,829 11,362

35-49 655 949 806 1,153 913 1,235 5,711

20-24 1,152 2,396 2,693 3,659 6,076

5,972 21,948

20-24 874 1,469 1,435 2,070 1,578 1,819 9,245

Growth of public expenditure

IN REAL	TERMS (198	3-84 prices)	and UK
		Northern Irel	
		95	- %
		- 2.4	+ 1.5
I980-81			+ 2.7
1981-82		+ 1.1	
1982-83	•	+ 2.2	+ 1.6
		÷ 2.8	+ 1.6
1983-84			+ 1.7
1984-85		+ 3.5	
	-la-mad	+ 0.3	– 1.3
T309-90	planned	A Evanditum	Plans 1985-86 to 1987-88,
	Source;	GGASLYMBUT EXPONDITORS	published January 1985,

were 11 per cent up on the same period in 1984, approaching record levels.

A significant proportion of this consumer affluence—which is boosted by shoppers from the Republic—can be attributed to the size of the public sector, which employs 208,000 of the 465,000 people in work in the province.

The other side of the is that output growth potential is limited because of the small size of the manufacturing sector, which employs around 100,000 compared with 150,000 seven years ago. Manufacturing output, according to the PA survey, grew 7 per cent in the year to the end of September, the same as in the same period the previous year. But it still lagged behind 1980 levels.

To expand the manufacturing base. Northern Ireland will need at least to increase inward investment and the range of new indigenous business. On the latter, the Confederasays the problem is not to find the money to fund projects, but to find viable projects.

4,527 9,303 10,371 14,319

Total 3,411 5,516 5,086 7,800 5,324 6,202 33,339

50 + 482 809 1,025 1,426 1,701 5,960

The inescapable conclusion is that Northern Ireland still depends on the substantial annual subvention from Whitehall. The burden is made heavier by the province's high

The Crosshaven review puts the seasonally adjusted figure at 122,000, more than 20 per cent of the workforce, and pre-dicts a rise of about 2,000 by this time next year. It also predicts the numbers in employment will rise by only 2,000 in the same period.

Even the longest term out-look on jobs is grim as employ-ment growth is not expected to outstrip the growth in working population up to the end of the

Industrialists say that economic success must no longer be measured in terms of jobs created, the criterion by which LEDU and the IDB tend to be

The point is taken up by Sir Desmond Lorimer, the IDB chairman, when he says that the Government development agencies cannot go on indefi-nitely as they now function. Radical alternatives to solving unemployment must be found, he says. In Northern Ireland, he is complicated by the polithat is complicated by the political situation.

"As long as there is a lack of proper political stability there will be a restraint on development in the economy," said Sir Desmond.

The Anglo-Irish agreement is intended to be a step in that direction. It is too early to say might be, but it has brought the likelihood of at least several hundred million dollars in aid for all Ireland from public and private sources in the US, which would be a welcome boost whether it is spent on infrastructure or industry, or a combination of both.

<u>...</u>

£5.5

Province of contrasts

Unemployed by Age and Duration April 1985

CONTINUED FROM PAGE ONE

That is accepted-not without apprehension—even by some Unionists.

It is also true that people had become accustomed to nothing very much being done about Ulster at the highest level. When the British and Irish Prime Ministers get together, backed by their top civil servants and with the clear support of the outside world it is time of the outside world, it is time to take notice.

Some of the extreme Unionists may be manoeuvring themselves into a corner. There is not much point in their pro-claiming their Britishness if the British have decided that it is the Unionists who are at

In the background, however, something more intangible is happening—more to do with the strange nature of Northern Ireland's economic and social development. It is possible to depict a horror story and a success story at the same time. Both would be true. For Ulster is full of apparent con-

On the one hand, there are the unemployment figures of over 20 per cent, rising to around 50 per cent in Strabane, the strange failings of com-panies like De Lorean and Lear Fan. the bombed-out buildings as a reminder that while most people may have little exposure to violence, it is still there.

On the other hand, that is not the whole or even the majority of Ulster. The shoppers who come up from the Republic in increasing numbers at weekends are evidence of that. They say that the shops in the north are better and cheaper than in the south, and even that the sales assistants are nicer than in Dublin. Some of them are visiting Northern Ireland for the first time.

Much of Belfast when you the strategists suggest it ought and intransigent politics.

the theatres, the restaurants and the leisure centres. Many old buildings have been rostored, and well restored at that.

The infrastructure is good. The roads around Belfast are excellent and not overcrowded. The new housing developments. of which there are many, are neat and attractive: far better than some of those in mainland Britain.

The main reason is the level of public expenditure over the years. Mr Roy Mason really got it under way when he was Secretary of State in the late 1970s. The policy is now showing its effects. Northern Ire-land today has nearly everything it needs for a country of its size: except jobs and

security. Ulster's standard of living is as high as it is partly because of British subsidies.

It is estimated that Britain made a total subsidy in 1983-84 of around £1.4bn, thus financing over one third of total government expenditure in the province. The economic report of the New Ireland Forum claims that the subsidy raised disposable income by 25 to 30 per cent. Nobody is suggesting that it should be cut, though Mr Prior when he was Secretary of State did draw attention to the dangers of an economy becoming too heavily dependent on public expendi

The political point that must be clear to Ulster Unionists— and if it is not clear, it could they talk in their extreme moments about going it alone, Ulster has a great deal to lose. The corollary, of course, is

also true. If there can be peace and a political settlement, much of the prosperity is already there on which to build. Northern Ireland could be a well-balanced and florrishing walk round it has the air of economy. It has the skills, It being rather more affluent than needs only a rest from violence

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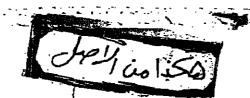
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GARDNER MERCHANT

Early days yet for testing effect of pact

Politics

MALCOLM RUTHERFORD

POLITICS IN Northern Ireland are fundamentally sectarian.

No political attempt to end the
essentially religious divide
between Catholic and Protestant
parties has yet been greatly successful, though there have been occasional flickers.
There is an Alliance Party
(nothing to do with the SDP-

Liberal Alliance in Britain) which crosses the sects and which once looked like a promising development. Yet it has never won more than 14 per cent of the Ulster vote.

The description is the less The description is no less stark if you drop the religious connotations and talk simply about unionists and nationalists. The Protestants tend to be unionists, the Catholics tend to be nationalists and the unionists have a majority of a good three to one. There is not very much in between and the ice is not yet cracking.

British policy over the last 15 years or so has been aimed at trying to end, or at least to lessen, this sectarian division as it comes out in politics. That applies whether the British Government has been taking the ambitious approach—in-cluding the Irish dimension— such as in the Hillsborough and

take up its seats, even though it won 18.8 per cent of the votes in the Assembly election and might well have had a blocking minority along with some of the minority parties. The Assembly has been reduced to a talking shop between unionists and the Alliance because of the refusal Alliance because of the refusal of the nationalist parties to

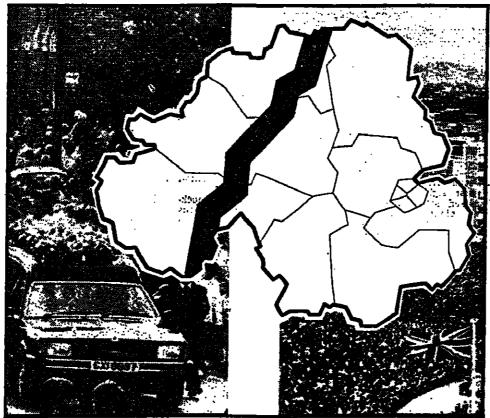
An important part of the An important part of the Hillsborough agreement, from the British and Irish point of view, is that the SDLP is now ready to take up its place in the Assembly, or some variant of it, because the agreement accepts the Irish dimension to the problems of Ulster.

Mr John Hume, the SDLP leader, has said that quite firmly in the House of Commons and has also stood up to Mr Charles Haughey, the leader of the Fianna Fail opposition in the Irish Parliament, whose first instinct was to oppose the agreement. ment outright as being insufficiently nationalist: indeed as a sell-out to the British.

Walked out

Yet just as the SDLP was pre-pared to join in a dialogue with the unionists in the Assembly, the unionist parties have walked out. They have walked out of Westminster, too, forcing by-elections in protest at the Anglo-Irish agreement. Such is the nature of Northern Ireland

(SDLP), however, declined to -or perhaps because they did elections.



No sign of the ice cracking between Catholics, seen above at the funeral of a Sinn Fein porter, and Protestants, seen at the mass rally in Belfast protesting against the Anglo-Irish

realise—that Northern Ireland is nowadays hardly a primary interest of the great majority of British Members.

They did not seem to notice that British sympathy was slipping away from unionism towards concern about the minority, an acceptance of Dublin's interest in the matter,

politics in the north.

All sorts of methods have been tried or suggested: for example; a cross party committee system allowing the minority community a say in the affairs of an Assembly dominated by the majority community community as a system allowing the minority community as a system and the control of an Assembly dominated by the majority community as a system and the control of an Assembly dominated by the majority community as a system and the control of a contr ample; a cross party committee system allowing the minority community a say in the affairs of an Assembly dominated by the majority community. None of them has really worked.

The present Northern Ireland Assembly, established in 1982 when Mr James Prior was Secretary of State in order to agree on a programme of rolling devolution of powers back to the province, requires a 70 per cent majority for a major resolution to be passed.

The mainly Catholic Social and Democratic Labour Party (SDLP), however, declined to province of the minority and the split tory way if he were not influenced by Mr Powell (also an Official Unionist) and the split in the unionist parties. All that has now changed. Since the Hillsborough agreement, the unionist parties have ment, t

The only way that they can Council be sure of regaining them is for through industrial action in kill-the DUP and the Official ing the agreement. But there Unionists to agree not to fight was no accord on where to go each other, for otherwise third on from there. The unionists or fourth parties might inter- can destroy an agreement, but vene and affect the result, they have not yet made one.
Unionist solidarity will prob.
There has been a similar, if Unionist solidarity will probably survive that hurdle.

DUP in 1971 that the aim was to be on the right on constitutional issues and on the left on social issues: in other words, it was an appeal to the Protestant working class.

Fear of backlash

long-term effect of what he did to a dialogue between unionists was to make it more difficult and nationalists, he will probfor the Official Unionists to look for a compromise with the minority community and with the British Government. The Official Unionists have a residual fear of a Paisley back-

so far more restrained, reaction after Hillsborough. Ina respect for Dr Garret FitzThe differences between the dustrial action is not Gerald, the Irish Prime Mini- Official Unionists and the DUP threatened only passive resistster, and a general desire to end the violence and sectarian and have more to do with perism.

Until recently the principal culprit was seen as Mr Ian

District Company Passive Fensis and the by-elections. Some unionist leaders say that they will come up with their own ideas in the meantime. That remains to be seen. One of the will come up with their own ideas in the meantime. That remains to be seen. One of the major problems of the unionists is that they lack an accepted leader, capable of taking them out of the dead end.

The nationalist movement is not a monolith either. Mr Hume has staked his reputation on the success of the Hillsborough Probably the most significant agreement. If it does not lead

ash. everyone is still assessing the Almost immediately after the Anglo-Irish agreement. Yet the sunningdale agreement, the realignment in Northern Almost immediately after the Angio-Irish agreement, tet the Sunningdale agreement, the realignment in Northern unionist parties reunited, at Ireland politics remains eluleast tactically. They formed sive, Britain's fall-back position the United Ulster Unionist is direct rule.

Ready for the fray

in vague terms.

Now the banks are ready for the fray, or so they believe. New products are available, or on are the watchword.

The process may have been speeded up by the threatened strike by bank staff which was narrowly averted earlier in the year. It would have been the first bank strike in Northern Ireland for 19 years, and there of 1.5m. It has hired expertise was considerable alarm among from other institutions to dethe banks and their customers. velop corporate lending and has The building societies made

the most of their opportunity and many people became aware, for the first time, of the services the societies could offer. The effects of that may be long-lasting, but any linger-ing complacency among the province's bankers about the new, tougher era will have been rudely dispelled.

"The next three or four years will stand the business on its head," says Northern Bank, the largest of the big five retail little difference in such circumbanks, and itself a subsidiary of Midland Bank. The dispute itself showed that some attitudes have still to change. The pay element in the dis-pute was settled but the attempt to get the Irish Bank Officials' lem will be to develop corporate lending departments.

Association (IBOA) to agree to sufficiently deep-rooted exextended opening at lunchtime pertise on the corporate side, importance of the small busiextended opening at lunchtime and weekends has yet to be resolved. According to reports, the best that has been agreed is lunchtime opening in selected branches for a test period of six months.

There are other restrictions apply to their competitors, or to banks in Britain. The IBOA will not agree, for example, to the banks selling insurance-linked products, an area which is seen as a key factor by the marketing departments.

The same restrictions do not

EVEN IN the space of 12 ness at lunchtime as more

TSB is likely to benefit more from its other freedoms. It now employs 13 of its representathe way, markets are being to likely customers. They offer but some bankers claim to have targeted, "delivery systems" financial advice and packages to detected a flattening of the financial advice and packages to detected a flattening of the people with retirement income growth curve and believe they

or redundancy payments. The TSB is well-established in Northern Ireland, with 57 branches and over 100,000 cheque accounts in a population of 1.5m. It has hired expertise velop corporate lending and has moved heavily into the home loans market, with £50m outstanding in mortgages.

Banking

PATRICK DONOYAN

Flotation would have made and to win business from the ness sector as one of the few other banks in a largely static sources of demand for finance market.

market means the competition absence of substantial foreign is mainly in marketing and ser- investment. There are other restrictions which the Irish banks have yet wies. All the banks concentrate to cater for the departments to cater for the a growth area.

Teenagers are wooed with discount cards, record tokens and disco tickets, there are special and quarterly digest and packages for school leavers and Northern's planned seminars on all the banks prowl the corri- exporting for small firms. dors of the students' unions. Northern even supports the running of in-house "banks" in

months, a noticeable change has people use automatic cash discome over the Northern Ireland pensers. Northern Ireland's relation series of financial as one reason why adaptation deregulation and the end of the hanks' own cartel were recognised, but spelt out only in vague terms.

Tel is likely to handet more General conditions in Northern Ireland remain favourable. Consumer spending is still buoyant, even if not growing at the rates of recent years. This is reflected in the boom in Belfast city-centre property and the investment in vague terms. in their Belfast stores.

Demand for personal credit tives to go out and sell services and hire purchase is still rising may be near the ceiling on con-sumer demand.

Local industry is showing some increases in output and profitability, especially in traditional textiles. Banks report an increase in capital spending, although this is partly because investment plans were brought forward before the Government reduced the levels of capital grants.

Much of the investment may be "defensive," to enable businesses to keep abreast of foreign competition, rather than for expansion which might bring down the 21 per cent un-

Bankers in the small local merchant bank sector have counterparts elsewhere. more conscious of money management and more rellucthe flotation delay may cause loss of momentum in the publicity surrounding flotation. Outsiders think TSB's main prob-

and as the best long-term hope The limited growth in the for the local economy in the

small business and promotional

The recession and continuing different history, and it continued to enjoy its freedoms as it developed into a full-scale competitor of the four traditional clearers, Northern, Ulster (a NatWest subsidiary), Allied Irish and Bank of Ireland.

Ironically, extended opening may not be as important now as it would have been in the past. TSB has noticed a fall in busiunemployment had created a



through a management 'buy-out' or 'start-up' is one of the most potentially rewarding challenges

which a businessman can face, yet the process is difficult and complex. Decisions taken can have critical longterm implications. It involves full commitment and at times personal risk, and is not an area that should be ventured into without the advice of experienced, independent advisors who not only can help to initiate the buy-out, but will continue their support in the early difficult years of the project.

At Allied Irish Investment Bank we provide a Venture Capital service which is second to none in the Province. All our staff are professionally qualified engineers or accountants with career backgrounds in management and industry.

They play a key role in the development of a business by providing financial and commercial advice in areas such as corporate planning and business strategy. In addition, AIIB can help to identify expansion opportunities through its extensive links with financial and business organisations worldwide.

AIIB can design a total package incorporating the full range of financial services offered by the AIB Group which might typically include term loans, overdraft and leasing facilities and treasury services, such as foreign exchange dealings and forward purchasing. This gives the opportunity to accelerate growth beyond what would be possible by traditional bank financing alone.

In the case of Belleek Pottery, for instance, following a rescue by the Industrial Development Board, AIB acquired 30% of the Company by participating in a management buy-out.

Belleek Pottery was founded 125 years ago in Belleek, Co. Fermanagh. The Company is now an international house-hold name for fine parian china, the result of the goes into the production of each individually handcrafted piece.

Some designs are those introduced over 100 years ago and the process of production is still carried out by hand.

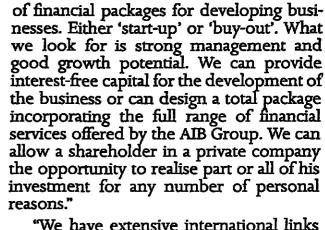
The Company employs 142 people at Belleek and 12 people at its New Jersey sales subsidiary in the United States. Annual turnover is approximately £4 million, mostly in the United States and Ireland. Distribution agents have recently been appointed for the Canadian, British, Continental European and Scandinavian markets.

cquiring your own company care, dedication, artistry and skill which Oberon Enterprises Limited, making disposable nappies.

2. Another start-up company located in Newry has, since June, been producing a new smokeless fuel "Thermacite".

3. Tirnanog Ltd., has been established in Hillsborough, Co. Down, to design and make fine jewellery, incorporating precious gems set in 18 carat gold, primarily for the export market.

4. AIIB has invested in Aisling Film Productions Limited in association with the well-known film producers, Marie Jackson and Bill Miskelly. Its first production, "The End of the World Man" is a children's



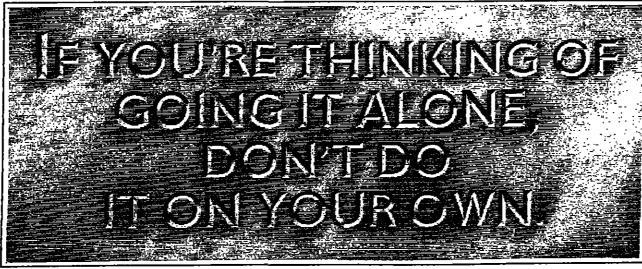
"We have extensive international links mainly through the AIB Group presence in Britain, mainland Europe, the US and the Far East, which can be of immeasurable assistance to developing companies. We can also syndicate investments with other venture capital funds both at home and overseas when appropriate."

"Where majority shareholders aim to achieve a USM flotation for the business, AIIB can work closely with the management to achieve this end. As a minority equity partner with a depth of experience in share placings, AIIB will be in a unique position to guide the company towards a successful stock market entry."

"AIIB is the most experienced merchant bank in this area in the province and through its highly skilled people, this experience can be made available to new and developing companies."

Jim O'Neill sees AIIB Venture Capital as a partner to these companies rather than a bank-yet with all of the skills and services a major banking group can offer.

"Our objective is to support entrepreneurs so that they can get on with what they do best-managing the business".



AIIB worked with management to structure the necessary financial package. Since the management buy-out, Belleek Pottery has achieved its targets and continues to grow.

The management are demonstrating the high level of personal commitment which is necessary for any successful business, while at the same time, AIIB are involved at board level in the development of corporate strategy.

In addition, AIIB Venture Capital has been involved in four start-ups in the

1. In Londonderry, AIIB has a minority

share in a new manufacturing company,

comedy film with a conservationist theme. It was shot on location in Belfast this year and had its first showing at the London Film Festival.

All of the above investments have been made in association with local private business interests. Mr Jim O'Neill of AIIB describes the

range of services which they can offer.

"AIIB Venture Capital can offer a variety

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in Northern Ireland?

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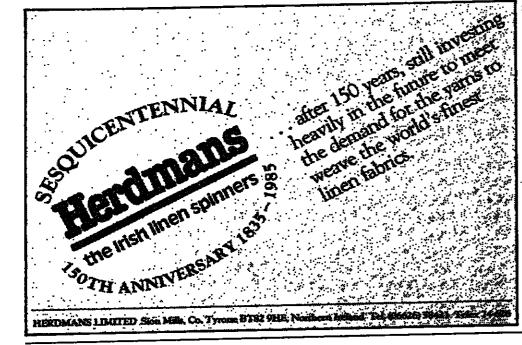
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Packages tailored to help companies

of aid available to industry in Northern Ireland, Mr Perry McDonnell, executive director of the Industrial Development Board, says that financial assistance is not the prime factor in attracting newcomers or, as is happening increasingly, encouraging those already there to expand.

"What companies want is to know that they can come and be successful by standing on their own two feet," he says.
"The priority over and over again is to get the basics right. to make sure the market is there, that people can produce, that the technological infra-structure is right, that they can ship things in and out easily. These are the things that come

Mr McDonnell believes that aid is used rather more subtly than if it were a straight induce-ment, for that might merely attract inefficient or risky com-panies looking for subsidies and featherbedding.

Instead, aid packages are tailored to help companies move rapidly into profitable trading. It is start-up costs which they try to reduce, so that companies will not have to call on much cash from parents overseas.

"Financial assistance is designed to help companies get off the ground quickly without impact on the parent's finances.
Once they start, it's them
against the rest of the world.
There is no way we are in business to help projects that are not going to be viable." he says

The same goes for the other major TDB role — that of saving jobs. Mr McDonnell says there is no point in pouring in money to prop up businesses that cannot survive against fair competition. "What we will do. however, is to help people find new markets or restructure their finances and technology. That's very different." he adds. The lessons of the De Lorean

fiasco and the over-risky tech-nological leapfrog involved in the Lear Fan project seem to have gone home hard at the IDB. There is an obvious and deep realisation that the quality of jobs created is probably more important than their numbers.

Jobs that are going to last are those in good markets where the processes involved use high technology and demand high productivity to maximise added value. Sectors

manufacturing technology.

Automation and computer-aided design and manufacture are priority targets thought capable of bullding upon, not least because of the supporting academic infrastructure in both Queen's University and the University of Ulster.

The other important factors, Mr McDonnell believes, are labour-related. He says that the workforce is adaptable and willing to learn new skills. willing to learn new skills. Moreover, unit labour costs are lower than in France. Britain, Japan, Belgium, Sweden Holland West Germany Switzerland, Canada and the US, according to UN, German and American sources which the IDB uses to great effect.

In sales and marketing par-lance, such are the benefits that

Industrial Aid IAN HAMILTON FAZEY

the IDB claims for Northern Ine IDB claims for Northern Ireland. The inducements in the aid package are the selling points, the things that are used to try and clinch the sale. Here, the IDB has formidable powers and resources.

In the capital costs area it In the capital costs area it can vary standard building grants of 30 per cent by contributing another fifth on top, making 50 per cent in all. The same figure and discretionary powers apply to machinery and equipment. The IDB can also pay the rent of a factory in full for up to five years and regrate buildines so that rates re-rate buildings so that rates—property taxes—do not have to be paid either.

In the revenue account there are grants towards start-up costs which are related to the numbers of jobs created to the numbers of jobs created. The idea is to provide inflow of funds during the build-up period when income is rarely earned. It means that companies do not have to build period when income is that com-panies do not have to build up slowly but can attack their markets with considerable

Other grants can be used to reduce interest payments, or train workers, or attract top quality management, or relo-cate key workers. Research and development costs can be subsidised by up to 50 per cent,

DESPITE GENEROUS packages where the IDB is pushing hard though with a celling of gid available to industry in are food processing, medical £241,000.

Northern Instant Mr Perry technology, information and Market research also comes

in for generous help-half the travel costs of an in-house researcher plus £144 a week towards overheads, as well as half the cost of buying pubspecial studies or engaging outside consultants.

In addition, four-fifths of the corporation tax on profits generated by new projects may be given back in grant form for up to 20 years. On finance, loans for working capital and venture capital for equity venture capital for equity participation are available, according to the circumstances.

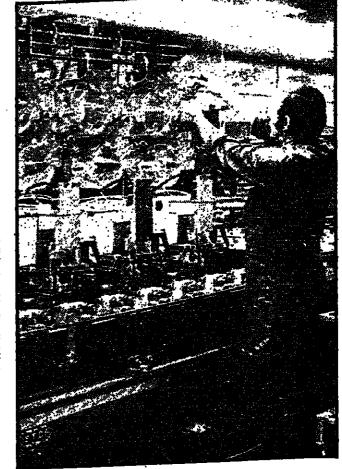
In most respects, Northern Ireland scores heavily when compared with development areas receiving the highest levels of assistance in Britain —an interesting situation when compared with, say, Merseyside, compared with, say, merseyside, which has a similar population (1.5m) and a similar unemployment rate (21 per cent, though more unemployed (about 144,000 against Northern Ireland's 121,000) 144,000 against Ireland's 121,000).

"Our aim is to change the view of the first-time visitor," Mr McDannell says, which is what the IDB did most spectacularly this year in whisking AVX, the US maker of ceramic capacitors, from under the noses of industrial developers in the republic when the inward investor was on the the inward investor was on the point of signing.

Most of the board had to most of the board had to visit the province to be con-vinced, but they eventually approved a project that will create almost 1,000 jobs. Meanwhile, many of the companies that have moved in have expanded, included Hughes Tools, Du Pont, General Motors and Ford. Ford's workers are consistently near the top of the company's European produc-tivity league table.

The IDE spends about £134m a year and usually expects one-third of total costs to come from the company involved, and one-third from private sector finance before making up the rest with a tailor-made aid package to suit the company's special compared with 15 per cen needs. In practice, it usually British development areas. puts up nearer 40 per cent.

The key, Mr McDonnell says, is the discretion to be totally flexible. It seems to be working, with inward investors doubling from five to 10 in the last year.
5.267 new jobs created in
1884-85 and 5,750 predicted for
1985-86. In addition, aid to
existing industry last year
helped "renew and maintain"



Standard Telephone and Cable's Monkstown plant at New-townabbey is one of Belfast's well-established industries.

Higher level of industrial grants

NORTHERN IRELAND has, for years, enjoyed a much higher level of grants than any other part of the UK. The differential may not be as great now as it was three years ago but there are still important financial. may not be as great now as it was three years ago but there are still important financial advantages to be gained from operating in the six counties.

The following are some of the

main differences: Standard grants for buildings and machinery: 20 per ceut available in Northern Ireland compared with 15 per cent in • Selective grants for buildings

or machinery: Up to 50 per cent as an alternative to standard grants whereas additional assist-ance in the British regions is

Interest relief grants: These may be available to reduce the interest on loans from non-governmental sources; they are not available elsewhere.

Training grants: For em-

Available to attract top quality management; not available else-Rents: Grants of up to

Rents: Grants of up to 100 per cent of rental costs for up to five years are available; elsewhere, new projects in some assisted areas may qualify for period. an initial rent-free period.

• Industrial de-rating: 100 per cent: not available in England and Wales but 50 per cent in Scotland, though enterprise

zones are an exception.

In addition to these main differences there are also research and development grants of 40 per cent to 50 per cent, with a limit of £250,000, com-pared with up to 331 per cent of 40 per cent to up to £25,000 elsewhere.

Anthony Moreton

Making research pay

Industrial

Research IAN HAMILTON FAZEY

DR MARIE PATTON is one of the most unusual university in-dustrial liaison officers in the UK. It is not only that she is a woman in what is nearly everywhere else a man's job but that her budget from the pawly that her budget from the newly reorganised University of Ulster

This forces her little unit to adopt an entrepreneurial atti-tude. It has geared itself to its market place, acting as a con-sultancy broker for industrial and commercial problems. It charges realistic fees, turns over more than £120,000 a year, and makes a profit.

Since it is supposed to be non-profit-making the surplus has gone into expanding the unit to cope with more work. Customers do not even have to be sought.
"We have now done work for every major company in Northern Ireland. Once they discover what we can do they keep coming back for more. We seem to be working flat out and harder all the time," she says.

Newest university

Although its constituent col-Although its constituent colleges were well established, the
University of Ulster is really
the UK's newest. It was reformed this year by merging
Ulster Polytechnic with the
existing University of Ulster
(both were founded in 1968). (both were founded in 1968). It has campuses at Jordanstown, Coleraine, Londonderry (at McGee University College, formerly a branch of the Irish Republic's University of Ireland) and Belfast (at the former College of Art and Design).

In Northern Ireland it shares a higher education role long dominated by the Queen's University of Belfast (founded 1845). Queen's has a novel approach to industrial liaison too. of which more later.

Dr Patton, a biologist who became a computing expert.

longer - term development.

Qubis does.

pecame a computing experi.

says: "Many people see us as more approachable, more downmarket. Partly it arises from a long tradition of having large numbers of part-time students from industry."

Quois does, nowever, tap total four longstanding industrial units whose staff are free of teaching commitments and can do consultancy work for full-time periods if required. These from industry."

from industry."

The links that arise from this tend to be with middle rather than senior managers. and many of the problems are day to-day firefighting. There was the company that became time periods it required. These cover automation, computers. materials testing and information or communication technology.

Queen's has 100 departments and 800 academic staff. Mr

storm.

One company needed urgent translation of a telex from f customs officers on a foreign frontier in order to free a delayed export order. Little jobs like this, however, are not always charged for: Dr Patton thinks the goodwill earned brings bigger business.

A lot of this has been concerned with computer consultancy for small or medium sized companies. In one case a company achieved payback on an expensive installation in only three months. It was back almost immediately for more help.

almost immediately for more help.

Computer-aided design and manufacture is another important area, with the university having developed its own electronic network to link engineering, electronics and design departments.

Dr Patton says: "Because we have to fend for ourselves we have a lot in common with industry. We are not here to find research projects for academics. We go to them with problems from industry for them to solve."

An academic's time is costed at a comparable rate to the private sector's. The costs of materials or equipment is added. The industrial unit marks up sufficiently to cover its own costs, make a small contribution to overheads, and ensure that the university department involved gets 10 per cent.

Resultant prices have proved

department involved gets 10 per cent.

Resultant prices have proved competitive, which may well surprise many members of UDIL. the university directors of industrial liaison, who told Dr Patton at a meeting of their association that self-financing was an unrealistic aim.

Dr Patton's opposite number at Queen's is Mr Des Blair, who runs Qubis—Queen's University Business and Industrial Services. This is much more upmarket than the university of Ulster Service and is closer to

Ulster Service and is closer to longer - term research and

Qubis does, however, tap into

alarmed at the sudden appearance of white foam around its effuent pipes—it turned out to be harmless. Worrying brown deposits on a tourist beach proved to be parts of sponges that had been broken up in a storm.

with consultancy and general mitted, either physically or by phone, to an appropriate type-setter at a printing plant anywhere in the world.

Apart from allowing "single-keying" for all printing, it will trenal relations with business. Qubis was formed the next year. Its striking logo was designed by J. Walter Thomp-son, the advertising agency.

Where Queen's has developed a novel approach is in the formation of a company. Oubly

formation of a company, Qubis Ltd, supervised by an impressively strong board of academics and senior industrialists from the private sector.

Private funds

This has an authorised share capital of £500,000, to be called on when required. The money has come from the university's Oubis Ltd to function on a venture capital basis, taking equity

ture capital basis, taking equity in joint ventures with private sector companies.

The first joint venture is with W. & G. Baird, a printer, to form a company called Text-flow. This will exploit computer software developed over several years by Prof Jack Smith and Greystone Press to turn output from word-processors and comfrom word-processors and com-puters directly into camera-ready copy for printing, elimi-nating retyping by human type-

ment will not necessarily have to have dedicated wordprocessors or special interfaces or software to drive it. The printing of very small batches is expected to prove more economical than photocopying. Qubis has also signed an agreement with ICL to colla-

borate on the development of new software for commercial and industrial applications. Queen's will provide know-how, staff and premises while ICL will second staff and make hardware and other software avail-able. The agreement is likely to be worth more than £500,000.

Other Qubis projects are expected to be in the fields of lasers, optics, medical engineering, biotechnology, information technology and corrosion. Proposals are being evaluated now. Meanwhile, complementary to the work of Qubis and the University of Ulster industrial unit.

is the industrial science division of the Department of Economic Development. This provides technical advice and informaputers directly into cameraready copy for printing, eliminating retyping by human typesetters.

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telephone, and convert it into
the language of electronic typesetting. It can then be trans-

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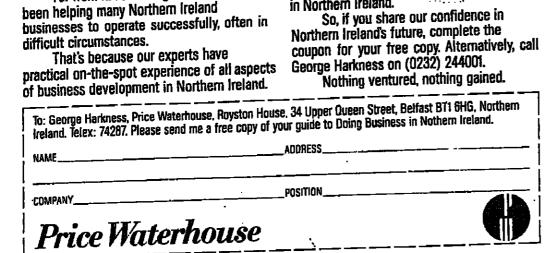
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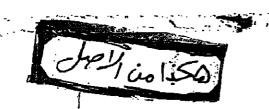


You will find they become as committed

to your interests as if they were partners in

in Northern Ireland.

your enterprise. Indeed, we have just produced a major publication, a guide to Doing Business



Linen Industry ANTHONY MORETON

THE LINEN industry is on the crest of a wave. It has invested some £35m over the past two or three years, labour has been stabilised at around 6,400 workers, over half of production is sold outside the UK and of the 1,706 looms in the province 1.087 are shuttle and 619 rapier—in other words they are all modern and efficient.

It was not always like this. Until the mid-1950s the linen manufacturers lived on their fat and it was not surprising that it collapsed in the early 1970s under the pressure of outside competition and the first oil-induced recession.

One company in the province reports that it put in no new looms between 1912 and 1967; others admit that their marketing was almost non-existent, expecting customers to buy what was produced rather than

what was produced rather than make what the market wanted. Fashion played little part in the industry.

Consequently, between 1970 and 1982 mills closed and those that remained faced increasingly severe competition from Italian and French companies in Western Europe, some of the East European countries in the mass-market sector and many Far Eastern linen pro-

Both the recovery and the pace with which it has taken hold were stimulated by the Government, In 1982 the Industrial Development Board (IDB) created a linen and allied textile working party to examine problems, suggest ways of overcoming them and identify where the best prospects for strengthening the industry lay.

The report of the working party, published a year later, helped focus attention on the linen business. Essentially, it postulated that the industry had growth prospects, despite many foreign countries having captured part of what a lot of Ulstermen considered to be their natural territory. To their natural territory. To achieve growth a task force was created to review the linen industry.

While this task force comwhile this task force com-prised a majority of those engaged in the industry — from both sides — there were suf-ficient development board members to have pushed it along should impetus have flarged.

ducers at the bottom of the The amount of flax used had indicating enormous confidence scale.

Both the recovery and the 1968 to 4,573 by 1983.

That confidence has been

In 1959 the industry emcovery of the past two years, there has been a slight rise to a current level of around 6.400.

Not all the industry's conmarketing and fashion. It is a

fraction was due to economic factors. Although falling demand contributed most to the decline the installation of new machinery as the industry became more efficient trimmed the workforce. The number of companies in

the business also shrank. Between 1979 and 1982, alone, three spinners, seven weavers and one finisher closed.

and one finisher closed.

However, despite the problems facing the industry there was some investment throughout the 1980s. "We continued to invest all the time," says Mr James Herdman, chairman of Herdmans, a leading spinner at Sion Mills, just contain Straham Not svert. outside Strabane. Not every-one could say the same but Herdmans is now reaping the dividends as the company is

That confidence has been In 1959 the industry embased not just on new ployed 44.800 people, a figure machinery but a fresh accept-that had fallen to just under ance of what world buyers want 6,000 last year. With the refrom linen.

high-value-added, high-fashion fabric and it is on this area which the industry has concentrated.

Undercutting

There are plenty of low-valued-added linen products, some in the industrial field, such as tents and tarpaulins, some in household textiles, such as tea towels, and some in associated areas, such as handkerchiefs and embroidery. Far Eastern and East European pro-ducers can make these goods at prices which undercut most of the Northern Ireland industry.

Therefore Northern Ireland has turned increasingly to the At the top end of

"But we have learnt our lesson. We are improving our marketing all the time."

One small example of this is to be found at Spence Bryson where a range of fancy yarns is being produced. Not all will find their way through to the market but those that do will take market consciousness of linen a long way down the road from the usual conception of the material being targely biscuit-coloured. ...

Concentration on the top end of the market enables the industry to overcome one of the greatest difficulties it has in the apparel field—overcoming resistance to creasing. Linen certainly creases; some people in the industry admit that it creases badly. At the bottom end of the price scale this is a serious drawback. A young girl buying a jacket or dress in the £19.99 to £29.99 price bracket from a chain store wants the easy-care attributes found in man-made fibres. She does not want a

At the top end of the scale, however, where price is less important, the buver is suffi-ciently self-confident to be able

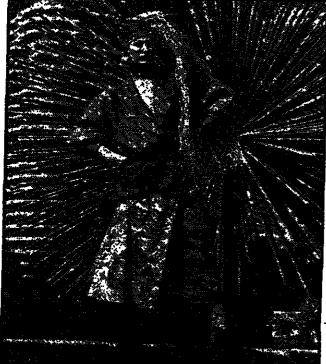
the connection between linen that will reduce creasing. But has a good outlook in many made.

Traditional weaving in Belfast

important, the buyer is sufficiently self-confident to be able carry off the fact that a garment is creased, secure in the knowledge that anyone in her social circle who sees the creases will automatically know the garment to be linen and, therefore, expensive.

Not everyone believes that the for ever. Work is going on at resulting fabric becomes more the Linen Industry Research association at Lambeg, just afraid we just have to accept the foreseeable future," says one manufacturer, "that there is no real answer to this to crease.

The scientists and technologists there have found a way of coating the fibre with a resin Northern Ireland linen industry has recognised these opportunities is self-evident from the many that will reduce creasing. But



PROFILE: Lambeg industrial Research Association

Expansion moves into new fields

WHEN the Lambeg Industrial from polyolefins, particularly in Research Association (Lira) developing extrusion and prowas set up in 1919 its central role was seen as assisting techniques for film, tape, fibre and filament.

It is also heavily involved in role was seen as assisting technical change in the linen industry. This role has changed considerably over the years and, while technical matters continue to be the core of its work, the association is now concerned with the marketing. commercial and technical plans of its customers and member

of its customers and member companies.

This evolution has run parallel with the other research associations devoted to the textile industry — Wira, which serves wool, in Leeds; Shirley Institute, which serves cotton and man-made fibre, in Manchester: Hatra for the hosiery industry in Nottingham; and Satra for the shoe industry in Rettering.

All have had to come to terms with a change in the basis of

with a change in the basis of their industry and with a gradual reduction in Govern-ment involvement with indus-

trial research.
This evolution does not cause This evolution does not cause Dr Bill Foster, director of Lambeg, particular grief. "We are much more concerned with the future than the past anyway," he says. "Traditional end uses for linen are now old hat. At Lira we are looking for new developments in the fields of finer yarns, reducing creasability, blending, flammability

and other areas."

Lira is also looking for ways to stimulate the area given over to the cultivation of flax in Northern Ireland and conducting fall trials in the back ing field trials in its back

garden.
Western European production
of flax is dominated by France,
which has some 100,000 acres
though this which has some 100,000 acres under production (though this is swamped by Russia, the world's largest producer, which has some 3m acres). By comparison, production in Ulster almost discongraph and is only almost disappeared and is only almost disappeared and is only now making something of a comeback as varn production picks up. Ways are being found of overcoming the wet conditions in the province which put its production at a disadvantage with the warmer, drier

While developments such as flax will continue to be highly important to Lira, its work ranges much more widely. It is heavily concerned with textiles

environmental pollution. It has for instance, developed a range of low-cost catalysts which are highly active in exidation reactions. These have been applied successfully in the treatment of difficult industrial effluents and gaseous emissions.

Such work has traditionally been heavily funded by mem-bership contributions but, as in the other textile industry research associations. Lira ha had to come to terms with the fact that many members are antipathetic towards paying the increasingly necessary higher fees for the work in hand.

Search for income

Lira, like its contemporaries has therefore had to go outside, sometimes outside the industry itself, to generate the income to keep its 65 staff, 25 of them

are highly qualified scientists and engineers, employed. Today, only 25 per cent of its income comes from membership contributions, with the Government, through the Textiles and Other Materials Research Board, putting up another 35 per cent of its £650,000 in-

There is some indirect Gov-ernment assistance in that the funded Industrial Northern Develop ment Board contributes, but the important indicator is the 25 per cent of income that comes from contract work for out-

side bodies.

This percentage is bound to rise, if only because the Government is reducing its contribution by 10 per cent in

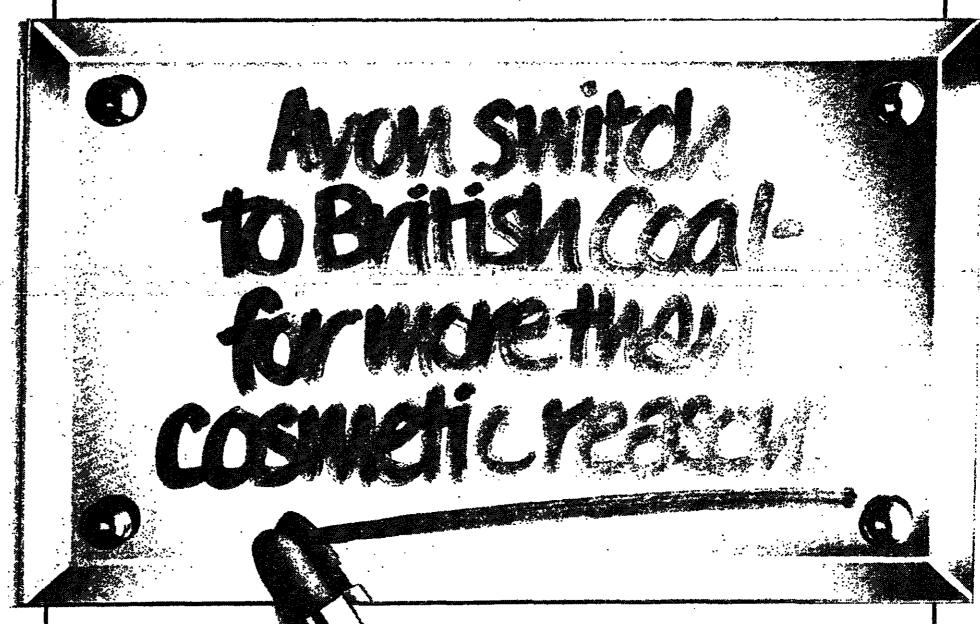
1986 and 1987.

A drive for new members, especially abroad, is being conducted according to Dr Foster. Lira has not been without suchas members in Canada, Austra-Ha, South Africa and-a foreign country if not strictly abroad-

Great store is also being placed in Lira's work on fiammability, an increasingly important subject in textile

the Irish republic.

Anthony Moreton



When Avon Cosmetics switched from oil to coal, the prime consideration was to reduce the company's fuel bill. But the savings had to be more than cosmetic to pay back capital within two years. To meet Avon's steam requirements two vertical shell fluidised bed boilers were installed-each rated at 15,000 lb/h.

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financial package. A final word from Malcolm Edwards, Commercial Director of the NCB: "We believe British coal can save energy costs for your company. Let us talk - we can do good business together."

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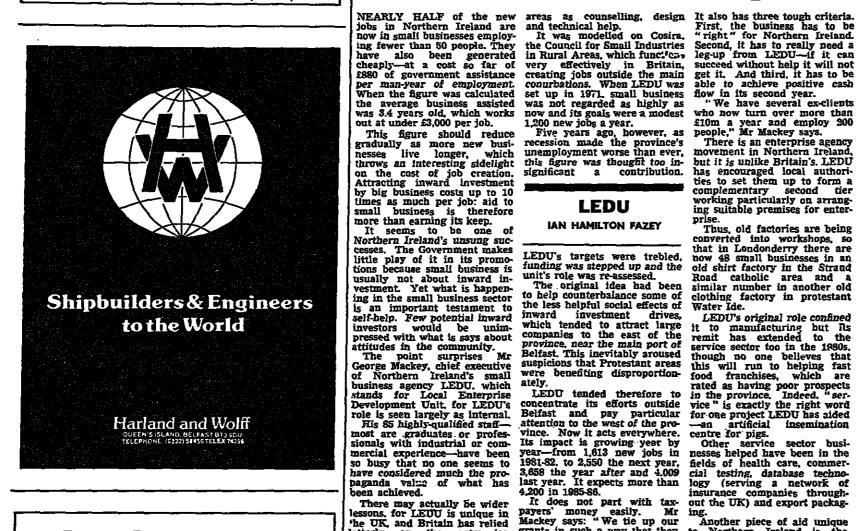
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PROFILE: BLOOMER ELECTRONICS Keen eye for market winner

enterprise agency. It is an official rovernment office rithin pondingly.

the Department of Economic Development and has wide vouchsafes serious intent. Mr throughout powers to assist small businesses into being or expansion. Mackey says that the Government of transport of the control of th

prime examples of how a keen eye for a market, a sound product idea and sheer determination can lead to

Galen Ltd, a pharmaceutical company, at Craigavon, Co Armagh, is one of the small businesses helped by LEDU

Small business aid

earns its keep

in Rural Areas, which functions very effectively in Britain, creating jobs outside the main conurbations. When LEDU was set up in 1971, small business

was not regarded as highly as now and its goals were a modest

1,200 new jobs a year.

Five years ago, however, as recession made the province's unemployment worse than ever, this figure was thought too in-

significant a contribution.

LEDU

IAN HAMILTON FAZEY

LEDU's targets were trebled, funding was stepped up and the

unit's role was re-assessed.

The original idea had been to help counterbalance some of

to help counterpalance some of the less helpful social effects of inward investment drives, which tended to attract large companies to the east of the province, near the main port of Belfast. This inevitably aroused suspicious that Protectant areas

suspicions that Protestant areas were benefiting disproportion-

per man-year of employment. When the figure was calculated

This figure should reduce

latterly on the enterprise agency movement — loosely

agency movement — loosely funded by the private sector— to help the small business sector

develop. Government policy in Britain has evolved reactively in a laissez-faire atmosphere. In Northern Ireland the approach has been a planned, deliberate one

deliberate one. LEDU is like an augmented

JIM BLOOMER, a sandy-haired, sharp-witted entre-preneur from Portadown, is

the kind of successful small businessman the government

development agencies in Northern Irleand dream of in

their drive to build new manufacturing outlets in the

province.

His company, Bloomer Electronics, this year became the first Northern Ireland company to win the Export Award for Smaller Businesses, backed by the Confederation of British Industry and sponsored by British Caledonian, the British Overseas Trade Board, Thomas Cook and Midland Bank.

The company also came

The company also came third in the 1985 National

Small Business Efficiency Awards sponsored by British Telecom and the Association

of British Chambers of Com-

The company is, in fact, one of three grouped together on the Carn industrial estate

in Portadown, southwest of Belfast, with which Jim Bloomer is associated. Within 2 few yards' walk of Bloomer Electronics smart

factory lie Campus Sports-

wear, turning out up-market leisurewear, and Motoplas, a company using an innovatory

pastles repair process which is run by 24-year-old Bloomer

protege, Alan Hyde.
All three companies are

impressive success. Mr Bloomer, formerly chief engineer at Goodyear and Portland Cement in Northern Portland Cement in Northern Ireland, started Bloomer Electronics in 1976 after a bout of serious illness had prompted him to rethink his career. He had spotted that there was a demand among big companies in Northern Ireland such as ICI, Goodyear and British Enkalon for swift headdown servicing of their electronic machinery.

With his friend Kenneth Gwynne, he set up an office in his spare bedroom. They began to win clients by having a stock of spares which could be quickly supplied, cutting down their cystomers' lost production time.

Two years later, Mr Two years later, Mr Bloomer saw that the growth of high-tech electronics in the Irish Republic meant a further market was opening up for both supplying and designing electronics components. The company opened a small plant at Eanis in Co Clare which, together with the Portadown plant, has brought the number employed

Today, the compusy assembles power controllers for robots, makes harnesses

and connectors for Standard Telephone and Cables and parts for Braun hairdriers. It also supplies other products to companies such as Digital

throughout Western Europe— with so much competition for

to companies such as Digital and Apple.

Mr Bloomer says 50-60 per cent of the business is value added. Projected turnover this year is £3.5m with 8 per cent net profits.

The company, Mr Bloomer says, is now at saturation point and needs a big injection of capital to expand. He is characteristically forth-right in his criticism of the

right in his criticism of the banks in Northern Ireland for their cautious lending policies and says he is looking instead for a possible takover to pro-vide the necessary injection

Big demand

The company is growing at a rate of about 25 per cent a year at the moment. Mr Bloomer said this could be much greater. He is doing some £500,000 of business with STC at present, but the demand was as much as 20 times that, he said.

Mr Bloomer, meanwhile, started another company in January of this year to make sportswear under licence from Campus of New Jersey. Sales are booming in the UK, Europe and the Middle East and the company has plans to expand its 85 workforce to 150. Turnover is expected to reach more than \$4m within two or three years, backed by several hundred thousand pounds from the Northern Ireland Industrial Development Board.

The third company, of which Jim Bloomer is a director, is an exciting project which grew out of an idea which came to Alan Hyde when he was working with a motor dealer supplying new plastic car parts,

Mr Hyde realised there was a large market potential for repairing plastics if a method could be found which was both effective at restoring the damaged item and cheaper than replacement. He worked for months in his spare time in his mother's garage until he perfected a process of plastic welding and

finishing.

The results are startling: a smashed plastic car bumper can be restored and given an as new paint finish for-to the customer—about half the cost of replacement

Mr Hyde and Mr Bloomer are now preparing to franchise the process through-out the UK and licence it abroad. In the meantime, the original workshop at Portadown employs 11 people and cannot keep up with demand, which spreads far beyond the motor trade to all sorts of industrial uses of plastics.

Lignite is main focus of new development

Energy

HUGH CARNEGY

IT IS typical of Northern Ireland's luck in the energy sector that the thickest seam of the province's latest hope, lig-nite, lies directly beneath the county Antrim town of Ballymoney and is therefore in-accessible.

Still, officials at the Department of Economic Development can smile about it because of what they see as the very promising outlook for the rest of the lignite, or brown coal, deposits found in the province. Since the decision in September 1984 to scrap a plan to pipe in natural gas from the Republic of Ireland's offshore Kinsale field, lignite has become the main focus of future energy development in Northern

The abandonment of the Kinsale scheme was lingering and It also has three tough criteria. First, the business has to be "right" for Northern Ireland. Second, it has to really need a leg-up from LEDU—if it can painful. Indeed, the effect of the decision is still being felt. In October, the Government announced a complicated package of grants and subsidies to help consumers change back from gas appliances costing £20m. That followed rejection last April of a reduced rescue plan that would have saved at least a part of the Kinsale

who nave several exchients who now turn over more than \$10m a year and employ 200 people," Mr Mackey says.

There is an enterprise agency movement in Northern Ireland, but it is unlike Britain's, LEDU has ancouraged local authoris. Officials say the overall cost of closing the gas industry will be about £100m and it will mean the loss of about 1,000 jobs in has encouraged local authori-ties to set them up to form a the work-starved province. This compares with capital investcomplementary second tier ment costs of £150m which the Kinsale plan was projected to working particularly on arrang-ing suitable premises for enter-

Optimistic

succeed without help it will not get it. And third, it has to be

able to achieve positive cash flow in its second year. "We have several ex-clients

Thus, old factories are being

LEDU's original role confined

Water Ide.

converted into workshops, so that in Londonderry there are now 48 small businesses in an There are those who still argue that the scheme was economically sound and should old shirt factory in the Strand Road catholic area and a similar number in another old have gone ahead. clothing factory in protestant

But most attention has now swung over to lignite, the first natural energy source to be discovered in significant quantities in Northern Ireland.

it to manufacturing but its remit has extended to the service sector too in the 1980s, though no one believes that this will run to helping fast The outlook is optimistic The outlook is optimistic enough for Northern Ireland Secretary of State Tom King to have told a fringe meeting at this year's Conservative Party conference in Blackpool that it held out the prospect of the province having "within a relatively short period of time "the tively short period of time" the cheapest electricity in Britain and possibly in Europe.

That is certainly an attractive prospect for a region where electricity costs are pegged to out the UK) and export packagthe most expensive areas on the mainland grid, despite a Government subsidy which reaches £100m in the year of the miners' strike.

Mackey says: "We tie up our grants in such a way that they have to be earned. It's never a straight handout."

Like the IDB, it likes to see the applicant putting up one-third of the resources needed, with one-third coming from the banks. It will then provide the remaining third, though in practice it will often so up to Given this background, even normally cautious bureaucrats are moved to acclaim the "tremendous potential" of lignite.

straight handout."

Like the IDB, it likes to see the applicant putting up one-third of the resources needed, with one-third coming from the banks. It will then provide the remaining third, though in practice it will often go up to 40 per cent, with the entrepreneur's stake employed individual individual industrial development in the cost of creating matches the cost of creating each new job in other types of project. Enterprise grants led to 426 new jobs last year—10.6 per cent of the total.

LEDU's presence, of course, acknowledges the truth about industrial development. that the soft coal existed in Northern Ireland but it is only comparatively recently that it was discovered to be in large quantities. So far exploration has revealed two thick seams totalling some 400m tonnes of powers to assist small businesses into being or expansion. Mackey says that the Government's loan guarantee scheme for small business failed in much the same way that the Industrial Development Board (IDB) does with big businesses.

This year it will disburse f15.5m to small business in the province and spend another test. LEDU has organised its businesses appraisal procedures and advisory services covering such make such mistakes.

Mackey says that the Government's onuch competition for inward investment, development for small businesses failed in ment from within via small businesses is critical.

Proportionately speaking, LEDU can give the small entrebotrowings were underwritten.

LEDU has organised its businesses and investment efforts—and advisory services covering such recoverable lignite at Crumlin by Lough Neagh, about 200m tonnes on the other side of the Lough at Coagh and large deposits around Ballymoney, some of which is accessible.

The deposits certainly appear. on these figures, to be capable of sustaining electricity generating plants for a good

By Hugh Carnegy

number of years. The early projection, which Mr King mentioned, is for a lignite burn-

ing power station to be built at the mouth of an open-cast £94m. mine at the Crumlin site. At present, the Northern Ireland Electricity Service is conducting a detailed planning study due to be completed early next year which is looking at the prospects for private sector involvement in exploiting the lignite. Northern Strip Mining, a subsidiary of Burnett and Hallamshire, already has a mining licence at Crumlin and plans

ing licence at Crumlin and plans to produce about 12m tonnes over 10 years for processed lignite products as a domestic substitute for coal. The major potential identified for the Crumlin deposits is for electricity generation at a mine-

mouth power station consuming raw lignite. The potential for more expensive processed lignite is less clear. The question of the economic

fuel import savings of \$45m and contribute 1.2 per cent of GDP. The Government subsidy could be eliminated.

John McMullen of the Energy Studies Group of the University of Ulster is sceptical. He says the fact that Northern Ireland already has more than 80 per cent over capacity in electricity generation—demand of 1,200 Mw contrasts with more than 2,000 Mw installed capacity coupled with the huge capital investment of around £500m that lignite exploitation would require makes it hard to justify developing lignite until the turn of the century of the century.

Even then, he says, it should be in a combined heat and power scheme, tapping the hot water output of the power stations for serving domestic consumers. The Department of Economic Development say such schemes are very hard to meter and have not proved nomitar in and have not proved popular in the past, but Mr McMullen argues that combined heat and power would mean getting 60 per cent efficiency from the fuel instead of as little as 30 per

The emergence of lignite has pointed up the difficulties facing the NIES over its existing four power stations. One, near Belfast is an old coal-burning station while the other three are oil-fired plants planned in the 1960s before the oil crisis price explosions.

earlier this year to convert two oil-fired boilers at the Kilroot station to coal at the cost of

This is expected to reduce the NIES's fuel bill by up to £40m a year. The NIES is now coming under pressure from the National Coal Board, for which the province is already an important market, to equip Kilroot with two more coal

boilers. The completion of these was shelved as a result of the 1979

shelved as a result of the 1979 upsurge in oil prices. If the extra boilers were installed it would raise Kilroot's capacity to 960 Mw from 360 Mw.

The NCB claims this would not clash with plans to build a lignite-burning station, but this argument must be in doubt given the over-capacity already existing in the province.

Environment

Another consideration that The question of the economic viability is, of course, central to the issue and subject to some dispute. A study by the Northern Ireland Economic Council showed that long-term development of the Crumlin deposit alone could yield annual reliance on lignite has resulted the lignor exploration of the specialty in Turkey, heavy could have the could have the deposite and especialty in Turkey, heavy could have the deposite and especialty in Turkey, heavy could have the deposite and especialty in Turkey, heavy could have the deposite and especialty in Turkey, heavy could have the deposite and the depos has not been forgotten in the speculation over lignite is the reliance on lignite has resulted in serious pollution, mainly from acrid, sulphurous smog.

On this count, at least, Northern Ireland should be spared as the sulphur content of the deposits is as low as 0.1 per cent, lower than bitumin-ous coal and much lower than levels of as much as 5 per cent in eastern European deposits.

However, Mr McMulien fears high nitric oxide effluent in stack emissions which would produce nitric acid content in precipitation. There are also fears of the impact on Lough Neagh of warm water emissions from a mine-mouth power station which could affect the local fishing industry.

The energy sector does not escape the political problems that plague the province. Although the Kinsale project attracted broad political support tom both uniquists and from both unionists and nationalist politicians, elec-tricity supply is affected by the destruction by the IRA of the interconnector between the north and the republic.

It was blown up in 1972 and has never been restored because it runs through the bandit country of south Armagh and the Government believes it would easily be destroyed again. Mr McMullen reckons the cost of losing this facility to spread peak across the border costs Northern Ireland alone about £5,000 per day.

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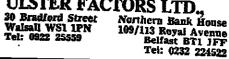
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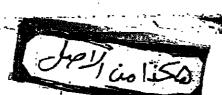


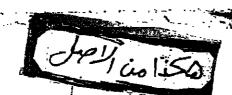
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Northern Ireland 7

Hills touched with gold

Gold

HUGH CARNEGY

One bright story from Northern Ireland recently was the announcement in November by Ennex International of Dublin that it had found gold deposits in the Sperrin Mountains of County Tyrone in quantities likely to support commercial mining. Ennex was quick to explain

that the finds in the Sperring

an area of rolling hills
rather than mountains—
were not going to trigger aKloudike-like gold rush to
the province. But Ennex took up prospecting licences in the area because local people had long known that small nuggets were occasionally to be found in local streams.

there was a bedrock source to be found and they proved themselves to be right. Bedrock sources were found in mid- and late-1983

and a systematic exploration and a systematic exploration programme began. Trenching and drilling showed numerous quartz veins down to a depth of 480 ft. Gold values ranged from 0.1 oz of gold per ton over 5 ft to 0.61 oz over 19 ft. The average grade was 0.27 oz per ton, a level of "very definite economic interest," according to Ennex.

to knner.

The company has been cautious in estimating the total tonuage present but it is likely to run well into six figures. The Ennex findings, the company says, have changed the industry's attitude to the Northern Ireland gold discoveries from scepticism to one of keen interest and expectation and

a sharp rise in gold explora-tion in the region is expected. Ennex is stil evaluating the results of its detailed exploration work but all the signs are that it will go ahead with a plan to sink a ramp-type mine next year. The main purpose of this is to carry out bulk sampling of the quartz veins and test their contin-

If results from this are positive, the company says, a de-cision to go ahead with com-mercial production could be taken around the middle of next year.

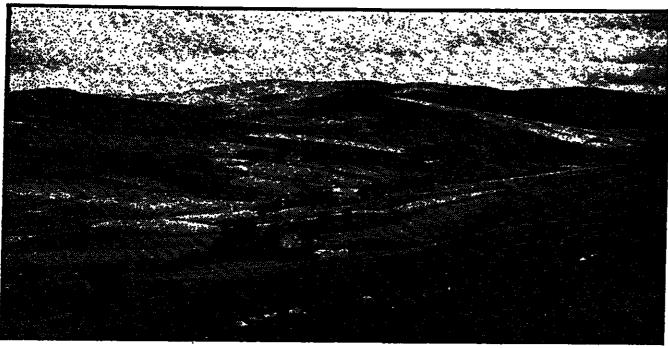
The question about which Ennex is understandably coy is how much a commercial mine might produce. Industry insiders say the deposits Ennex has indicated exist could produce about 60,000 tons of material a year, or about 12,000 oz of gold, from

ploying a total of up to 100 people. Such output would make Northern Ireland a small but significant exporter.

Optimism over the finds has to be tempered by the know-ledge that gold finds have been speculated over in the past in Northern Ireland.

The Ennex finds are the re-The knnex finds are the result of paints taking and expensive exploration work which may yet not result in the hoped-for outcome. The company has spent about half a million dollars in the Sperrins this year alone and costs will like a the standy when the experient rise steeply when the project goes underground.

But as the company itself points out, it is part of the Northgate group of companies which are major gold producers in Australia and Canada. Its people know what they are doing and they have the air of quiet confidence about them.



The Sperrin Mountains of County Tyrone where gold deposits are likely to support commercial mining. The area is typical hill farm country

Sharp drop in farm incomes

Agriculture

MICHAEL DRAKE

NORTHERN IRELAND blows inflicted by the wettest summer in living memory, are now fighting for survival.

Across the province potato fields remain unharvested; cereal crops have been crushed flat by the elements and livestock are in danger of running short of fodder long before the winter has passed.

A far cry from a year ago, when because the climate was kinder farmers made money and according to government estimates put an extra £35m in

Today the scene is an entirely different one. Already there is talk of mass bankruptcy on the land and a call has been made for the main banks in Northern Ireland to look more sympathetically on those who have been their customers in good times as well as had.

In fact Mr Tom King, Ulster's In fact Mr Tom King, Uster's new Secretary of State, who has been taking an unusually active interest in the province's agricultural industry for one in his position—is said to have spoken to the Governor of the Bank of

to the Governor of the Bank of England on the matter.
Conservative estimates put the damage of a bad summer in the region of £40m. But before the spring touches the land again many more millions will be lost to Northern Ireland's largest industry.

largest industry.

In recent years summer conditions were so good and supplies so plentiful farmers were actually able to export consignments of hay to the continent.

The day the stration is so Today the situation is so serious that the Department of Agriculture has granted

During the year producer numbers fell by 350 and the damage done to the industry by the introduction of EEC quotas also took its toll.

In the same period there was a substantial fall—over 50m litres—in milk output, the largest annual reduction since the inception of the MMB 30 years

All-in-all it is believed that the province's dairy farmers suffered a 10 per cent reduction in gross income as a direct result of EEC milk quotas in the past year.

Ulster Farmers Union president Mr Bill Martin has warned that farmers will suffer another sharp drop in incomes because of the effects of the past sum-

Poor weather

"Figures for the past year show a record high level of net farm incomes but it will be recalled that this was attributed to the exceptionally good weather pattern in that year which produced very high yields at unusually low input volume cost

"By contrast, 1985 looks like being a year of exceptionally poor weather for most of the United Kingdom and particu-larly for areas like Northern Ireland," he said.

The Department of Agricul-The Department of Agricul-ture's Chief Agricultural Officer Tom Larmour estimated some 750,000 tonnes of fodder had been destroyed by the bad weather and it will take 300,000 tonnes of concentrate

Output last year, estimated at per cent stood at £462m. £771m and an increase of 5 per cent.

sured in constant (1980) prices rose by 3 per cent because farmers benefited from substantially higher disposals of cattle at heavier weights; a further increase in sheep and lamb marketings.

Increased average producer returns for many commodities outweighed the effects of lower prices for milk, barley and seed potatoes.

Exports of beef, mutton, lamb and pork have all increased in recent years and added value to beef in boneless

added value to beef in boneless form has provided trading advantages especially in respect of Third World countries. This trade has fallen off somewhat in recent mouths because of the unattractiveness of export refunds. Now greater emphasis is being placed on continental superof export refunds. Now greater emphasis is being placed on continental supermarkets as an outlet for Northern Ireland beef.

In the past year beef exports rose to some 117,301 tonnes of which 43,567 tonnes represented boned-out beef.

The French market is one of the most valuable the farmer has for his Ulster lamb because a different support system in the UK makes it difficult to sell to the mainland.

The Livestock Marketing Commission in Northern Ireland is undertaking a survey to see how best this problem can be tackled to ensure further marketing outlets. In the past year the index

Ilicences—for the first time—for the importation of feedingstuffs from as far away as Australia that farmers and farming are and Canada.

The value of milk produced continually bolstered it must declined by more than £13m or 7 per cent in the past year according to the Milk Marketing Board.

During the year producer

feed to make good the shortfall to the cynical who assert that farmers and farming are this index does not coyer the items which make up Gross Output prices overall-were estimated to have risen by 2 per cent.

Expenditure on inputs of materials and services estimated to have fallen by one per cent stood at £462m.

Although average input costs rose by 5 per cent, rather more than double the rate of increase in output prices, the volume of input usage declined by 6 per cent. This is taken mainly to re-flect lower purchases of feedingproduction—a consequence of EEC quotas—eggs and poultry-meat production.

Total purchases of feedingstuffs by the industry were estimated to have fallen by 10 per cent but the average price rose by 4 per cent so total feed costs were just under 7 per cent lower than in 1983.

More fertilisers

The upward trend in the use of fertilisers continued in 1984 with a 10 per cent increase in the quantity of nutrient purchases. The average cost rose by 7 per cent and the total value of the industry's fertiliser bills went up by 18 per cent. An 8 per cent rise in the price per head of store cattle im-ported from the Irish Republic was the principal reason for an 11 per cent increase in the pro-

vince's bill for imported live-As the value of Gross Output rose by £39m and Gross Input fell by £5m the industry is esti-mated to have increased by £44m or 17 per cent its Product.

The farmi

ted for year year year year of the previous for the previ When an examination of the cash-flow position is made the pre-tax funds available to far-

mers and their families last year were not as great as the increase in farming income. This, it is felt, was due to higher expenditure on capital ceived, than in the previous

The volume of buildings and works investments on farms rose by 24 per cent while the plant, machinery and vehicles investment was estimated to have increased by a similar percentage.

Beef output went up by 16 per cent; pigs marketed fell but a 5 per cent increase in prices helped raise the volume of output by over 4 per cent to £76m. The enthusiasm with which farmers are concentrating on sheep production was shown by a 10 per cent increase in the volume of sheepment output. The fact that the EEC is only 75 per cent self-sufficient in that commodity is one ray of hope for Uister farmers as they face the uncertainties of the future.

*The author is agricultural correspondent of the Belfast



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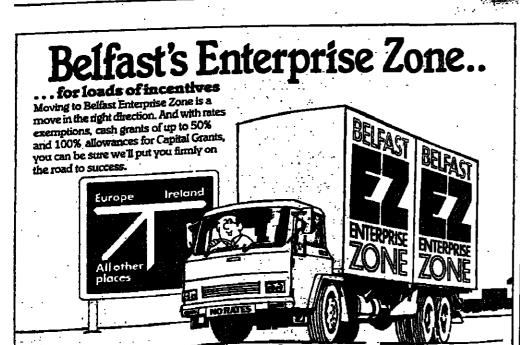
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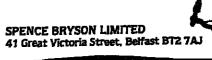
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The battle for Belfast Car Ferries

Ferries

IAN HAMILTON FAZEY

THE BIG unanswered question over Northern Ireland's sea links to Britain is who will be the next owner of Belfast Car Ferries, which operates the tenhour crossing to Liverpool. The company is part of the Dublinowned Irish Shipping group, profitable operations

profitable operations.

The Issue will not be settled until the new year. Bids were asked for at £5m or more, though informed opinion suggests that around £4.5m would still be a good price. There are several hidden. gests that around 14.5m would still be a good price. There are several bidders, but since they had to swear to confidentiality in order to obtain a prospectus, no one is talking for fear of jeopardising their chances.

jeopardising their chances.

However, there are clues to be had from a study of who is already salling what across the northern half of the Irish Sea, Belfast—although the major port for deep sea shipping—is not the key to operations, but Larne, a mere two hours from Scotland and now the province's

with the British mainland.

Sealink uses three ships between Larne and Stranraer, with nine sailings. Townsend threat as losses mounted. Strikes and sit-ins by the Liverpool crews failed to prevent coast, therefore ceding the foot passengers to Sealink because passengers to Sealink because the railhead is at Stranraer. Freight movement is substan-tial. Nevertheless, Townsend Thoresen claims a 33 per cent market share.

It is also in the happy posi-tion of winning both ways, since its parent company, European Ferries, owns Larne Harbour, charging Sealink to use it. How-ever, Mr Denis Gratton of Townsend Thoresen says that this behoves the harbour manage-ment to be more than fair to

Both companies are in a strong position on the Irish Sea. Between them they transport 1.25m passengers a year through Demand and market shares are healthy enough for them to share a £2m passenger

tunity grasped.

the city centre.
Using it saves a longer, more

fully applied to open a new route to Southampton next year.

and 200,000 in the year just ended. The airport expects to handle 250,000 this year and

because of growth is likely to

off airport terminals, with com fortable facilities and shopping. Sharing it is seen as no different from what happens at most air-ports, where all carriers use the same terminal.

The other big force on sea crossing is P & O, which used to operate the Belfast car ferry to Liverpool at mounting losses. P & O has been very successful in using Larne for freight. Its subsidiary, Pandoro, uses two roll-on, roll-off ships to move driver-accompanied con-

a year to Ardrossan, a service operated by another subsidiary, Northern Ireland Trailers (Scot. land). It is investing £3m in a new ship with double the capa-city in order to develop this.

Closure

Given P & O's previous ex-perience on the Belfast-Liver-pool service, it is unlikely to be a bidder for Belfast Car Ferries. Scotland and now the province's The company ran two ships, most important maritime link with the British mainland.

Scotland and now the province's The company ran two ships, each making a night crossing. Passengers figures declined to

> opened as part of Irish Shipping several months later it was with one of P & O's former accountants, Mr John Hewitt, as chief executive. Mr Hewitt, who was more famous throughout Ireland for being a rugby international and Irish selector, started off with the company lean enough to make profits from the outset.

It has one ship only — named after a Northern Ireland saint acceptable to Protestants and straps.

Catholics, St Colum — and uses Woul Catholics, St Colum — and uses it intensively, sailing from Liverpool each morning and from Belfast every night. It averages 440 passengers a trip, moving 232,000 a year. It is full up at 1,000 people on about 12 sailings a year around holiday periods, Christmas and Easter.

It would make sense for Bel- results all round,

Choice of airports



A peaceful village scene. Newtonstewart, by the River Mourne, Co. Tyrone. Above, right: a sandy beach by the wild rocks and cliffs, Portrush, Co. Antrim.

fast Car Ferries to be bought by either Sealink, Townsend Thoresen, or—and Mr Hewitt's refusal to answer the question is as good as an admission of having made a bid — a consor-tium involving the company's own successful management.

The company would fit with Sealink's increasing dominance of the Irish Sea, since it also managed to merge with — and, in effect, control — the Isle of Man Steam Packet Company this year. One thing this led to was the ending of the island's link with Liverpool because Sealink owns Heysham Harbour in Lancashire and switched its traffic there. Under Sealink, When Belfast Car Ferries would the Belfast service go the same way?

The important question, however, is how the service would fare as part of a bigger group. Its advantage under Mr Hewitt has been that it has functioned as an independent, medium-sized company employing about 180. This broke old entrenched attitudes, reducing overmanning and encouraging employees to help the company pull itself up by its own boot-

Would a resumption of bigcompany ownership of the ser-vice lead to a diminished sense of involvement and less com-mitment? One view suggests that carrying on as now, but with a big backer taking a stake to underwrite long-term stability, might produce the best

Visitors nearing 1m

THE STATE of Northern Ireland's tourist industry has for many years been dependent on the image which the province has generated in the national and international Press and media.

For more than a decade the For more than a decade the industry has had to sell holidays on the basis of little more than curiosity value. Many of those who already knew the attractions remained loyal but persuading newcomers to sample the place was an uphill

Recovery when it came was quite spectacular. In 1982 and 1983 the number of staying visitors was rising by an annual figure of more than 20 per cent, with a corresponding boost to revenue.

Now the growth has levelled off to what elsewhere would be regarded as solid progress. The area promoted by Northern Ireland's salesmen is, after all. no larger than Yorkshire.

In 1984, the number of visitors rose by 5 per cent to
908,000 and the revenue they
generated was up 8 per cent to
£78m, Sir John Swinson, chairman of the Northern Ireland
Tourist Board, knows that
exceeding what has become
known as "the magic million"
in terms of visitors is going to. in terms of visitors is going to take some very hard work against tough competition.

Hopes can be dashed all too
easily by fresh political instability or acts of violence.

Growth will have to come mainly from the pure holiday sector. The number of people travelling to Ulster either on business or to visit friends and relatives is reaching "normal"

The pure holiday market logged a 9 per cent increase last year as a result of Northern Ireland's improving image and by dint of a hard slog by the industry and the tourist board to sell holidays in overseas

All the province's markets produced reasonable growth except for North America which saw a 17 per cent drop. This was due partly to the collapse of a weekly cheap-rate charter service from New York to Belfast but was affected, too, by competition from the rest of the UK and the fact that Americans touring Ireland were restricting

Tourism ALAN WATSON

their itineraries to save their pockets. The tourist board has stopped

The tourist board has stopped including day-trippers from the Irish Republic in its calculations, mainly because of the difficulty of estimating the numbers precisely. In 1983, day-trippers taking advantage of lower shop prices in the north pumped £120m into the economy but tax adjustments in the south have removed much of the attraction. much of the attraction.

Fewer Northern Ireland residents took holidays within their own province last year and this summer's atrocious weather is likely to have re-duced the number even further. Revenue from home bolidaymakers fell by 11 per cent to £29.6m in 1984 which the board

national tourism. There was encouraging consolidation and progress in the pure holiday sector, especially from the two nearest markets in the Irish Republic and Britain. Europe also showed an upward trend although to a lesser degree.

In his annual report he said "We are optimistic that the North American downturn will be reversed. As part of our policy of diverting some of our resources each year to exploring new markets, we have had a most encouraging reception in Australia and New Zealand and expect to see real results from there within a year or two."

Nature has given Northern national tourism. There was en-

Nature has given Northern Ireland a diversity of scenery and more than enough water to meet the needs of the sailing and angling fraternities. The and angling fraternities. The development of tourist amenities and hotels continues to receive significant grant aid from the Government, not least because the industry employs more than 9,000 people and has the potential to employ more.

Consultants commissioned by the tourist board to assess the believes reflected a shortage of disposable income. It also mirrored a trend apparent throughout the UK.

Sir John believes 1984 growth levels were good in comparison with the performance of inter-

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THE PASSENGER facilities at provided a working shop win-Londonderry, South Down and Northern Ireland's second air-port fall far short of Heathrow The company is wary about standards. The terminal build-ing is ancient, utilitarian and resulted but they almost cerspartan. During the war it was tainly have. For example, when an officers' mess. In the departue Glasgow route opened,

an omeers mess, in the departures lounge, 120 can be Loganair was servicing it with squeezed in at a push. If the one Twin Otter. By the third weather is good in summer they week it needed three of them, can be spilled outside to garden chairs and tables with umbrellas on the grass.

A week later, Shorts had sold another of its 360s.

Although pleased with the Although pleased with the Flight information is generated on cheap black and white televisions by a Sinclair Spectrum computer programmed by Mr Des Kernaghan, who combines the roles of airport manager and senior air traffic controller. In his utilitarian office he tells a tale of opportunity grasped.

Although pleased with the airport's success, however, success, however, success, however, success, however, success, however, success, with the black. The price war (about £85 MAE and £130 full fare, with BMA £2 cheaper) lifted Aldegrdve's usage to 1.68m passent taxpaper before a combination of the 360 and related aircraft, sub-contract work for Boeing, and Falklands-proven weapons systems helped it back towards the black.

It is sensitive to criticism that the airport may not have been an appropriate venture on which to risk public money. Belfast Harbour airport is based on the airstrip where Short Brothers has tested its Short Brothers has tested its planes for more than five decades. The aircraft factory is across the other side of the runway from the terminal. The most important thing about it is that it is in the middle of Belfast, a five-minute ride from

Communications

IAN HAMILTON FAZEY

Using it saves a longer, more expensive journey from the province's main airport at Aldegrove, 18 miles away. The increasing numbers of people who have taken advantage of its emergence testify to the insignificance of creature comforts when weighed against Part of this arises from the undoubted effect Belfast Harbour has had on Northern Relfast Ireland's main airport, Alde-grove. Shorts refuses to com-ment and will not let Mr Ker-naghan do so. Mr Gerald Willis, forts when weighed against convenience. Aldegrove's chief executive, has no similar inhibitions and is distinctly prickly.

convenience.

The airport is owned by Shorts and began its new role early in 1983. The key to its operation has been Shorts' highly successful commuter aircraft, the 360. Fleets of these computes the main tensor with the second state. He is unhappy about the passengers Aldegrove has lost to Belfast Harbour and says craft, the 360. Fleets of these to Be comprise the main traffic, with the two British Midland subsidiaries. Manx Afrlines and low leading to the following services from Manchester, Liverpool, the Isle of Man, Glasgow and Edinburgh.

A third small airline, Jersey European (formerly Spacegrand. "Blackpool's own"), flies from Belfast Harbour to Blackpool, the Isle of Man, Exeter, and Teesside. Next month it will start a Birmingham service and it has successfully applied to open a new Scalar that the 30-seater 360-which like all small aircraft that fly at in the air than BA's 757s and low levels is susceptible to BMA's DC9s but there would fur but end of the susceptible to be no trek to Heather world be no trek to Heather with a susceptible to the susceptible be no trek to Heather with a susceptible to the suscep like all small aircraft that fly at low levels is susceptible to able as passengers want these

He refutes the "convenience" argument advanced for the Harbour, saying that Belfast is accessible from Aldegrove in a little over half an hour by

He also refutes the suggestion that more people from the cities of Northern England and citles of Northern England and Scotland may now be travelling to the province because "a day's business in a day" would appear more easily achievable. He says that passengers from places like Liverpool (full return fare £92) have no real route to Southampton next year.
That there is a market for
the services is shown in passenger statistics—89,000 between
February and October 1983,
179,000 in the next 12 months choice in flying to the province mation service will also stay. since they can now only go to The cheapest commercial one Belfast Harbour: Aldegrove is offered to Mr Kernaghan would

the West.
The main services into Aldegrove are from London, operated in intense competition by British Midland (BMA) and

British Airways. The strain began to tell on BA's shuttle profits this year when the air-line dropped flights from nine to seven, the same number as The price war (about £85

overcapacity on the route she is still pleased with performance. BA also flies to Manchester and Glasgow and although services have been hit by the BMA subsidiaries' flights to Belfast Harbour (Loganair also flies Edinburgh-Londonderry, incidentally), she says that there is a definite role and place for the second

airport.
Will BA be quite so sanguine
as Belfast Harbour airport develops, however? Aer Lingus has been having talks about a feeder service — probably operated by a small airline — between the Harbour and Dublin. It has an eye on the £250,000 of business Shorts spends in getting staff to Boeing in Seattle through London each year. each year. Meanwhile, Jersey European

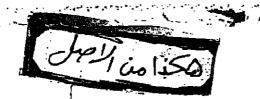
has applied to operate a service into the Harbour airport from the Stolport in London dock-land, probably using a Dash 7 aircraft. This might be slower well as time saved at the Belfast end.

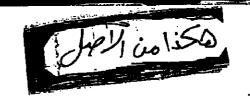
By then, the Harbour alroort will probably look less spartan. It hopes to get money from the European Regional Development Fund to upgrade facili-ties, including an X-ray scanner to replace the hand-searching of luggage. It is unlikely that anything can improve on its 20-minute turn-round time for aircraft or reduce the official 20-minute check-in time because in practice the airlines even hold aircraft for passengers stuck in

the traffic.
The home-made flight inforbecause of growth is likely to franchise its shop and snacks served from Manchester.

Apart from being a modern counter to use its own management time more effectively. A airport, Aldegrove's main plus liquor licence is also being sought.

For Shorts, the airport has Belfast Hardour: Aldegrove is offered to Mr Kernaghan would have cost £10,000. The Sinclair Spectrum, TV sets and cabling came to only £300. Like the airport, it does the job. Why would anyone need anything better?







SECTION II – COMPANIES AND MARKETS

FINANCIAL TIMES

Wednesday December 4 1985



Sharp gain for Royal Bank of Canada

By Bernard Simon in Toronto

ROYAL BANK of Canada, the country's largest banking group, main-tained the strong performance of other Canadian banks by lifting net income to C\$131.9m (US\$95.6m), or C\$1.16 a share, in the three months to October 31, from C\$106.2m, or 95 cents a share, a year earlier.

Earnings for the fiscal year ended October 31 rose by 8 per cent to C\$488m. or C\$4.28 a share. Year-end assets grew 9 per cent to C\$96bn, reflecting growth in domestic personal and mortgage loans, and in-creased holdings of government

Fourth-ouarter return on assets advanced from 0.48 per cent to 0.56 per cent, giving an average for the year of 0.53 per cent, virtually unchanged from 1984.

Weak demand for corporate credit pulled Royal's 1985 domestic earnings down by 8 per cent to C\$331m, and the return on domestic assets fell by nine points to 0.56 per

However, international income bounced back from depressed 1984 levels, rising from C\$91m in fiscal 1984 to C\$157m.

Mr Rowland Frazee, the chairman, ascribed the improvement to "strong growth" in fee income and higher interest receipts from borrowers in Latin America and the

Non-performing loans, net of loss provisions, fell in the past year from C\$2.7bn to C\$2.4bn.Domestic customers - mainly in the western Canadian property, oil service and forestry sectors - accounted for about half the total.

Loans to financially troubled customers renegotiated at concessional rates of interest jumped from EUROPE'S largest mechanical en-EUROPE'S largest mechanical engineering group, Gutehoffungsin hitte (GHH), yesterday reported a buoyant start to its current financial year, after achieving an adjusted net profit of DM 128m (\$50.8m) for 1984-85, a DM 300m improvement on its dismal performance 12 Daimler-Benz car group. C\$74m to C\$180m. Almost all these

Lesieur's third quarter loss

By Our Financial Staff

LESIEUR, the French edible oils group which was forced to cut its dividend for 1984, reports a net at-tributable loss of FFr 5m (\$650,000) for the third quarter of 1985, against

a FFr 8m deficit a year earlier. The result leaves nine-month attributable earnings of FFr 29m, down from the FFr 76m returned for the first nine months of 1984. Third-quarter sales totalled FFr

2.24bn, against FFr 2.33bn.

writes Maggie Urry in London. The issue of £60m, with a further

£40m tap, is rated AA by Standard

& Poor's and the company claims to

be the highest-rated food retailer in

The name is not well known outside the UK, though traders said de-mand for the bonds was seen from

abroad, helped by the rating. The funds will be used to repay short-term bank borrowings and will go

towards the expansion of the store

Terms for the seven-year issue

were set at a 10% per cent coupon

and par issue price, and with fees of 1% per cent Sainsbury's borrowing

cost is only marginally over UK gilt-edged bond yields. The issue was

Another Eurosterling deal, this one a floater, was launched for the

Anglia Building Society by Morgan Guaranty. Terms for the £100m is-

sue were slightly tighter than the

last few building society issues but the bonds were quoted at a level

profitable to co-managers of around

The bonds will have a first cou-

pon payable in April 1986 of 11% per

cent, and thereafter the coupon will

be reset every quarter at 1/2 per cent

trading around 98% at the close.

the world.

"HOW are we coping with the crisis in micro-chips? I will tell you with a lot of pain. It is really tough and we

are suffering."
Mr Pasquale Pistorio, the energetic managing director of SGS, Italy's leading semiconductor company, is not a man to equivocate. The state-owned SGS (a part of the IRI-Stet holding group) is heading for a \$15m to \$20m loss this year on 1985 sales which should total just over \$300m, an 8 per cent drop on last

The response? Mr Pistorio says he is working to prevent SGS's financial performance from deterio-rating beyond that of its principal competitors and is trying to maintain market share during the crisis. "We will compress operating costs but we have a law here at SGS: we do not sacrifice any strategic programmes. We cannot cut research spending because at the end of the crisis we must be in a position to

SGS, hit by an average 20 per cent fall in world demand for chips and savage price-cutting by competitors, has embarked upon a strategy of lay-offs, reductions in overheads and an increase in strategic investments and research and

professional researchers (out of a determination, Mr Pistorio prototal Italian SGS workforce of ceeded to rewrite Italian industrial

BY RUPERT CORNWELL IN BONN

of the year beginning on July 1, largely because of a long-delayed pick-up in domestic business. De-spite the increased value of the

D-Mark, export orders were still at

GHH's turnround stems, above

all, from the improvement at its previously troubled subsidiary, Maschinenfabrik-Augsburg-Nürn-berg (MAN), with which it is due to

merge next year as part of a group

Sainsbury makes £60m debut

GMAC, the car sales financing

arm of the General Motors group, is

raising \$200m through a seven-year, par-priced issue with a 9% per

cent coupon. With fees of 1% per

cent the borrower's cost was about

33 basis points above US Treasury yields at launch. Dealers said that

margin looked a bit tight given the

market conditions and the bonds were trading just outside the fees.

A \$100m, 12-year issue for Tex-

tron, the aerospace and consumer products company, met more criti-cism. The borrower has a A3/

BBB+ rating which investors regard as low, particularly for a 12-year maturity with a call option from year nine. Lead manager Kid-

der Peabody set the terms at a 10% per cent coupon and 99% issue price. The bonds were bid just out-

side the 2% per cent fees.

The expected Samsung Electronics convertible issue appeared un-

der the management of S.G. War-

burg. The \$20m, 15-year issue has a

5 per cent coupon and par-issue price. Investors have a put option

after five years at 117 to give an 8

mean of the average share price of

The conversion price will be the

per cent yield.

a high level.

INVESTORS were offered a fresh delicacy for their shopping baskets yesterday when J. Sainsbury, the UK supermarket group, made its debut in the Eurobond market, writes Maggie Urry in London.

New orders fuel

GHH profit surge



Suffering - Pasquale Pistorio, managing director of SGS

rived at SGS five years ago after 17 years working for Motorola.

Mr Pistorio's arrival at the Italian

state-controlled chip maker caused quite a shake-up at the then lethar-gic SGS. With a combination of "My sales are flat, but I am increasing R & D expenditure. I have added 120 people and now have 750 rationalisation measures and gritty

restructuring programme.

In all, GHH registered a profit of
DM 503m for 1984-85, but this in-

GHH lifted total orders last year

per cent of the total against less than 48 per cent in 1983-84. Orders

in hand on June 30 totalled DM

Sales last year by the group, including MAN, advanced 15.1 per cent to DM 14.59hn, with the share

of exports up to 50.5 per cent from 46.5 per cent. GHH, however, gave

no figures for the growth of sales in the first four months of the 1985-86

the six days to tomorrow plus 30 per cent and the share price in October 1987, when it becomes possible to

convert the bonds into the shares.

There will be a minimum conver-

200 per cent. Investors cannot con-

vert until October 1987 because, un-

der current legislation, foreigners

South Korean companies. The regulations are being changed but, if

and the bonds were trading above

The World Bank launched a zero-

coupon bond issue in the D-Mark

market to a positive response. The 30-year issue has a nominal value of

150m was announced for the Inter-

American Development Bank by Bayerische Vereinsbank. The 10-

year bonds have a 7% per cent con-

pon and 99% issue price. They were

In the Swiss franc foreign bond

market Crédit Suisse slightly raised the yield for the European Invest-

ment Bank's SFr 200m 10-year is-

sue by setting an issue price of 99%.

International hond service,

trading around 98%.

DM 1bn and the issue price is 13. year.

Deutsche Bank led the deal. S&
A private placement raising DM tytra

previous day at won 1,251.

history. He transformed SGS into a managers have been on holiday ev- has not mastered the fin wafer sis is in large part a function of the lean and hungry chip maker which ery Friday and have spent 14 hours within the next year will be at a tre- war Japan is waging and the world last year made its first profit - \$10m in the office every Friday." - in a decade. The accolades came

SGS stayed above the break-even level in the first half of this year, no small achievement as world overcasmall achievement as world overca-pacity saw prices fall drastically.

As of this week the situation has become more serious. For this month and the first six months of chip, for example, last year sold for 1986, the entire workforce will work more than \$3 and is now available only three weeks out of every for 80 cents.

One key strategic manoeuvre was to lay off assembly workers, an in labour costs is considerable - area where the Pistorio thinking around L3bn (\$1.785m) in payroll paid off. Five years ago 80 per cent costs each week and a total of L4bn of the 5,000 assembly workers were entirely based in places such as and next June of about L28bn.

Malta and Singapore. This has al
Mr Pistorio, an enthusiastic lowed SGS to lay off 1,300 overseas workers in the past year, something which would have been politically impossible in the Italian system. In Italy it is less easy to reduce

labour costs. But Mr Pistorio's men succeeded in negotiating temporary shutdowns of the 4,850 workers in

jected to an unusual Pistorio technique - the enforced working holiday. "Since August," says Mr Pistor-

Belgian group

with Sumitomo

By Paul Cheeseright in Brussels

SOCIÉTÉ GÉNÉRALE, the biggest

of the Belgian industrial and finan-cial-holding companies, has streng-thened the international dimension

of its business by signing a co-operation agreement with Sumitomo of

The agreement, Société Générale said yesterday, was designed to pro-

vide a framework for joint ventures

and investment between units of

ventures with Sumitomo in the non-

ferrous metals sector, electronics

and engineering and finance and insurance. Both groups have units

operating in these areas.

The link with Sumitomo fits So-

ciété Générale's programme of in-

ternationalisation, evident recently

n joint ventures with Compagni

and fund-raising on the European

Italian bank

\$200m facility

\$200m Eurocommercial paper pro-gramme with Citicorp Investment Bank as sole dealer and is expected

year.
The programme, which has no

rower to issue seven-day to 355-day notes in dollars or European cur-

rency units. Banco di Napoli is be-

Separately, Safeway Stores of the

US is understood to have appointed

dealers for a \$150m Eurocomme

cial paper programme, although is unlikely to be finalised until nex

ty trading group, has increased a fa-cility which it first sought in August

from \$150m to \$210m. The credit

was unusual in that it was arranged

by the borrower, without a bank as

BHF Bank bond average

1985

104.481

LOW 99.840

Dec 3 104.414

S&W Berisford, the UK commodi-

Générale d'Electricité de France

the respective groups. Société Générale is

capital markets.

arranges

By Alexander Nicoli

arrange such a deal.

sion price of 130 per cent of the in-itial share price and a maximum of BANCO di Napoli has arranged a

are not permitted to buy shares in to issue paper before the end of the

they have not gone through by back-up facility, enables the bor-then, investors will have a put op-tion at par. The shares closed the notes in dollars or European cur-

The issue has fees of 2½ per cent lieved to be the first Italian bank to

signs accord

How did this come about? Mr Pispouring in. Then the world market torio spreads his hands and explains: "All our managers are kindly invited to come to work while

month. The saving of what amounts to seven months of a 25 per cent cut when overheads are included. That

Americanophile, says that "managing the crisis in Europe is much harder than it would be in the US, where we would simply lay off 1,000

reckons he will succeed, particularly because he is still forging ahead with "strategic projects." Examples of these, apart from R & D, are SGS's development of full productive capacity of the 6in wafer front-end, the state of the art in

mendous disadvantage.

based SGS factory, which was scheduled for completion last July, with production in January 1986. Instead, the \$110m Arizona venture is being slowed and the factory will be ready in the fourth quarter of next

year.
"We are working down our costs and I expect we will be in loss until next June, then back in profit in the second half of 1986," the SGS managing director predicts. What hap-pens if the global crisis continues beyond expectations? "If next year turns out like this one then we will see many dead bodies, but SGS will not be one of them. We are deter-Mr Pistorio, an enthusiastic mined to stay in the broad range of imericanophile, says that "manag-products and we are determined to be profitable again."

Satisfied now that he has described SGS's strategy for coping with the crisis, Mr Pistorio assumes people." with the crisis, Mr Pistorio assumes Instead, he must function in an almost religious pose and begins Italy's state industrial system. He talking about one of my favourite

nomic war with the Japanese elecchip technology. tronics industry. The Japanese are "I want to be on-stream even if it out to control the world market in tronics industry. The Japanese are costs me millions of dollars," de-clares Mr Pistorio. "Anybody who entire electronics business. This cri-dustry has yet seen.

war Japan is waging and the world overcapacity which is a result of the

Japan, the outspoken Mr Pistorio continues, will this year overtake the US microchip industry for the first time in terms of world market share - more than 45 per cent. The | and is continuing to feel the effects only response for a European company then is to "reconcile the medium-term requirements of a Western enterprise – a reasonable return on capital - with the long-term objectives being pursued by the Japa-ue, putting operating results next nese – gaining market share and year under considerable pressure. making strategic investments for

tom-made chip factory is one example. SGS sales in West Germany are quarter, earnings dropped to up by 40 per cent this year in dollar \$19.4m, or 29 cents a share, from ple. SGS sales in West Germany are terms while the market is depressed. This means that SGS sales | S1.1bn compared with S1.2bn in the in Europe will be 10 per cent higher in 1985, although down by 15 per cent in Asia and by 30 per cent in the US.

The "bottom line" for SGS, according to Mr Pistorio, is that without radical changes in the compastronger from this crisis," he begins. "But let's not kid ourselves: we in Europe and the US are in a conding to Mr Pistorio, is that without radical changes in the compastronger from this crisis," he begins. "But let's not kid ourselves: we in Europe and the US are in a conding to Mr Pistorio, is that without radical changes in the compastronger from this crisis," he begins are successful to the companies of the companies in the cording to Mr Pistorio, is that without radical changes in the cording to Mr Pistorio, is that without radical changes in the cording to Mr Pistorio, is that without radical changes in the cording to Mr Pistorio, is that without radical changes in the companies in the cording to Mr Pistorio, is that without radical changes in the cording to Mr Pistorio, is that without radical changes in the cording to Mr Pistorio, is that without radical changes in the companies in the cording to Mr Pistorio, is that without radical changes in the companies in the cording to Mr Pistorio, is that without radical changes in the companies in the cording to the cording to Mr Pistorio, is that without radical changes in the cording to the cordinate to the cording to the cordinate projects, "This company would have been shut down by now." SGS has not shut down. Instead, it is taking on the world crisis with one of the

profits fall to \$30m

Deere

By Terry Dodsworth

DEERE, the leading US farmequipment manufacturer, suffered a severe squeeze on profits in its fiscal year to the end of October of depressed conditions in the agricultural sector.

The company warned shareholders yesterday that the tough market conditions were likely to continyear under considerable pressure. Net income for the year amount-

ed to \$30.5m, or 45 cents a share, Mr Pistorio says his costly launch against \$104.9m, or \$1.55 in 1984, in 1981 of a Munich-based SGS cus-while sales fell by 8 per cent to \$4.1bn from \$4.4bn. In the fourth \$34.2m, or 51 cents, on sales of same period of last year.

Mr Robert Hanson, chairman, said the "difficult and uncertain" conditions in farming suggested no likelihood of a near-term improvement in retail demand for farm

The industry continues to be affected by high levels of dealer inventories, low capacity utilisation and intense price discounting," he

Deere's results would have been much worse without a strong contribution of \$85.9m in net income from its finance, leasing and insurance subsidiaries, up from \$82.8m

In its manufacturing and marketing operations, the group plunged to pre-tax losses of \$129.2m for the capacity utilisation, coupled with heavy price discounting.

The group was also helped by inventory gains under its last in, first out (Life) accounting methods, re-sulting from the decline in its stocks during the year.

SGS survives the crisis with robust remedies

Semiconductor chief tells of plans to maintain market share

BY ALAN FRIEDMAN IN MILAN

4,850]. This year R & D will represent 14 per cent of sales, which is a Japanese kind of level," explains the ebullient Mr Pistorio, who ar-

Italy - two weeks in the first half of this year and three weeks last Since September the Italian workforce has been on a four-day week, and managers have been sub-

Remy Martin acquires Heidsieck

stake in Charles Heidsieck is part tend its presence in the chamgagne of the cognac group's ongoing diver market by buying a larger-volume sification policy designed to extend producer such as Charles Heid-its operations in other wine-related sieck, which is none the less re-

REMY MARTIN, one of France's quality businesses. leading cognac groups, has acquired for FFr 295m (\$38.4m) control of the Charles Heidsieck chamfore that it acquired the Krug chamfore the Krug chamfore that it acquired the Krug chamfore t

pagne company, writes Paul Betts in Paris.

After Krug, a luxury champagne The acquisition of a 67.5 per cent brand, Remy Martin sought to ex-

garded as a quality brand. Charles Heidsieck has annual Charles Heidsieck has annual year because of the higher cost of sales of FFr 220m and markets 3.2m production caused by the decline in bottles a year of which 60 per cent

is for export. Although Remy Martin has been seeking to diversify from its basic cognac business, it has so far lim-ited its diversification policy to wine-related ventures unlike some

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New Issue November, 1985



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above London inter-bank offered Sweden to redeem \$750m perpetual floater

BY PETER MONTAGNON AND KEVIN DONE IN STOCKHOLM

SWEDEN is to redeem the \$750m perpetual floating rate note it arranged in the Euromarkets through Morgan Guaranty in June last year. The deal, which was the first undated issue to be offered by a sovereign borrower, is now regarded as too expensive, according to Mr Pe-

tional Debt Office. It carries a margin of % per cent over the London inter-bank offered rate (Libor) - much more than Sweden would pay on even a long-

Speaking here late last night, Mr Engstrom said Sweden - which is following a policy of no net increase in state borrowing abroad - had no specific plans to replace the issue

dated floating rate issue

with a new borrowing. "We don't need to replace it with ter Engstrom, director of the Na- anything in particular. We take a portfolio average. We see the gross figure we have to refinance and we look at the various market opportunities." The issue will be repaid in January. Mr Engstrom also said

equivalent of other foreign debt ear- sterling credit market would not ly this year, and refinanced it at

Among deals repaid are two large sterling credits, one for £500m ar- time when the dollar was much ranged by Samuel Montagu, and stronger against the UK currency the other for £150m, lent by National Westminster Bank.

tions limiting individual issu

thereby generating substantial for The dollar now accounts for just

Sweden had repaid about SKr 35bn £100m, he said. Refinancing in the have generated worthwhile savings Sweden had been able to make the bulk of the repayments at a

It had proved impractical to refinance these credits in sterling be- under two thirds of Sweden's SKr cause of Bank of England regula- 137bn foreign debt, while after the es in repayment, sterling has a share of the floating rate note market to only 5 per cent to 6 per cent.

New Issue

November 1985



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In accordance with the provision of the Notes, notice is hereby given that for the interest Period 4th December, 1985 to 4th March, 1986 the Notes will bear interest at the rate of 876% per annum. The Coupon amount per U.S.510,000 Note will be U.S.S207.81. a atorio i. ne interest Payment Date will bo

Samuel Montagu & Co. Limited Agent Bank

INTL. COMPANIES & FINANCE

Preussag profits down in

By Jonathan Carr in Frankfurt

quarter

PREUSSAG, the diversified West German industrial concern, yesterday reported slightly lower profits in the first nine months on consolidated domestic group turnover 8.9 per cent down at DM 3.2bn (S1.28bn).

Preussag noted in particular the fall in zinc prices and general metals trading problems which depressed the results of its subsidiary. Amaigamated Metal Corporation. These difficulties would affect profits in the last quarter too, the com-

Preussag reported that its other divisions - including oil, chemicals, coal and transport - increased profits. Even the depressed construct-ion sector was showing improved

In 1984 Preussag raised world group net profit to DM 155m from DM 136m, and boosted its dividend from 16 per cent, to 18 per cent.

Wella lifts nine-month earnings 10%

By Our Frankfurt Correspondent WELLA the West German hair

care company, raised world group pre-tax profits by 10.3 per cent to DM 103.7m (\$41.5m) in the first nine months and expects the buoyant trend to continue for the rest of the year.
Profit of the parent company

which went public in 1983 with an issue of non-voting preference shares, rose by 15.4 per cent to DM 25.6m. Last year the parent made after-tax profit of DM 20m and raised its dividend to 18 from 16 per

Group sales revenue in the first nine months was up by 10.3 per cent to DM 1.3bn, and group investment jumped by more than one quarter to DM 36m.

Wella, whose ordinary capital remains in family ownership, says the investment boost underlines its confidence of further sales growth well beyond 1985.

Court setback for Texaco

By William Hall in New York

TEXACO, the US oil group, has failed in its attempt to delay this week's Houston court hearing on a \$10.5bn damages award against the

Texas state judge Solomon Cas-seb denied Texaco's request for a week's delay in the hearing scheduled for tomorrow. Texaco had been seeking a delay so that it could brief a newly engaged law firm in its ef-fort to overturn the largest civil damages award in US history.

At the hearing the judge has the option of affirming, reducing or eliminating the jury's November 19 verdict against Texaco, which found that the oil company had improperly interfered with Penazoil's planned merger with Getty Oil.

Litton suffers 35% decline

By Our Financial Staff

LITTON Industries, the US elec tronics, office and industrial prod-ucts and shipbuilding conglomer-ate, suffered a fall of more than 35 per cent in first-quarter profits to \$43.67m.

The company blamed continued softness in energy markets served by its resource exploration services division and intense competitive pricing pressures in the consumer nicrowave oven business.

The decline in earnings per share, from \$1.59 to \$1.56, was reduced because of the buyback of 15m shares. Sales for the three months were down at \$1.1bn, from

For the whole of 1984-85, Litton's profits were 4.5 per cent lower at \$299m, or \$7.27 a share.

Beatrix Mines' first dividend

By Kenneth Marston, Mining Editor in London

BEATRIX Mines, South African Gencor group's young gold-mining company, has declared a first dividend of 15 cents (5.4 US cents) earlier than expected.

The company derives its income from the Beatrix mine being worked by Buffelsfontein, which itself is lifting its interim dividend for the year to next June to R5 from R3.75 a year ago when there was a subsequent final of R4.40. Among the final dividends an-

nounced by Geneor's gold producers. St Helena shows up particularly well with a payment of R2.90 to make a 1985 total of R4.50 against R3.20.

Veteran West Rand Consolidated is raising its final to 80 cents to make a year's total of R1 20

US boost for Aegon revenues

BY LAURA RAUN IN AMSTERDAM

AEGON, the second largest Dutch insurance company, lifted its earnings by a comfortable 13 per cent to dends and conversions increased the amount of common stock by 12 turnover.

Fig. 266m (\$94m) in the first nine the amount of common stock by 12 turnover.

Fresh equity and debt expanded months as accident and health busi- per cent.

ness contributed more to profits.

Fl 6.74bn in the first three quarters, ter. The US share issue raised Fl

Revenues edged up 5 per cent to the balance sheet in the third quarcast that net income per share for all of 1985 would exceed last year's FI 8.53, despite a larger number of ance in the U.S. Life, accident and 316m.

FT INTERNATIONAL BOND SERVICE

for which an adequate secondary market exists. The

The list shows following are closi	the 20	0 lates ces for	t inte Dece	ernational bond i ember 3.	ssues fo
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Canada 111; 90	500	107	10712	- 636 + 6.7 3 378 - 639 + 6.7 3 378	Mor
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Wales Trsy 114 90	150		705'8	- 812 - 846 9.79	B.N.F
wed Exp Cred 10 92	100	160°8		- 012 - 024 9,79 - 035 - 055 10.06	Brita
wed Eup Gred 12% 89XW	100 200	10734	100.4	- 02 ₆ - 01 ₄ 9.55	C.C.F
Sweden Kingdom 10% 90 Sweden Kingdom 11% 89	200	10512		- 8'2 9 2.40	Chas Citro
meden Kingdom 114 94	190	100 fa	1085a	- 01a - 01a 16.28	Credi
ermeco Corp 104, 95	150	101 'a	1015	- D12 - B3c 10.49	Cred
execo Capital 10 95		44 BE	22	0 −6'- 12.25	EÉC
Inited Tech Fin 10th 95	100	101 3a	10178	~ ը-հր + 0 հր 10.34	ENE
fictorian Rep 11% 92	150	106 °e	105%	- 87 ₈ - 93 ₈ 10.79	tretar
Vorld Bank 10'e 95	300	101-3	10178	- 0'6 + 0'2 8.64	Lloyd
Horld Bank 127e 94	200	114-8	115'8	- 05 ₈ + 81 ₈ 10.21	Мап
Average price o	mange On	10h - 6	.S cm #	eer - 8.1	Midla
EUTSCHE MARK				Change on	Nat W
				Autoritie des	Nam A

orld Bank 12% 94	200		11478	115 8	- 0-8		1021
Average price ch	ange C	in a	ا – برط	N 000 g	reek - I	a,	
EUTSCHE MARK					Chang	e en	
RAIGHTS	Street		Bld	Offer	day		Yield
uan Dev Bank 8 94	200		105		+04		
stra Republic 7% 94				10434	+ 814	+ 014	6.88
acter Travenol 7% B4	200	÷	10134	102 4	٠. و	+ 014	6.92
openhagen 7% 95					+ 850		
edit National 8's 94	200				+ 8%		
13.7, 94					+ 018		
com 8 92	150	÷	9334	9414	+ 818	+ 0%	9.28
	100	÷	100	10075	4		7.54
rrovie Dello Stato 8 91	100	÷	104	106 15	õ	+ 4%	7.00
nland Regulation 7 92	200				- 01a		
	700				+ 0%		
	150.		104		0		
pan Fin Corp 7% 91	100	÷	10314	1833.	- 814	- 672	6.84
nsubashi Hvy 3's BSWW			159	181	+1	- 11	- 16.57
tsubishi Hvy 3'2 BSXW	300		91	911-	0 .	- 014	44
tsubtahi Met 3's 89WW	100	ŧ	1043-		- 84		
Isubishi Met 3% 89XW	100		8834	90 1.	- ã i	- Ó-	6.29
iebec Hydro 74, 95					+ 816		
inte 7% 95	100				- 014		
c Cent Nuclear 74 95	150				- 05		
ciete Cent Nuclear 8 91					- 07		
h African Tran 7% 92	*00	ŀ	813.	621.	- 8%	- 61-	122
orld Bank 7 95					- D18		
				103/2			
orid Benk 74 89							0.30
Average price cla	urys VI	60	ey 7 0	.B ces au	100 T 8	.2	

	SWRSS FRANC					Chap		
	STRAIGHTS	issued					week	
	Avon Cap Corp 5% 94	130		101	101 14	0	8	5.22
	Brit land Comp 61, 99	75	ŧ	104	10412	- 8%	B	6.04
	Council of Europe 6 92	120	t	182	18214	- 1	- 63 ₄	5.62
	Creditanstalt 5'2 94	100	Ť	9914	991:	812	- 634	5.50
	Dautsche 6k Fin 51 ₈ 95	100	ŧ	103	16314	0	+ 612	494
	ELB. 5' 94	120	ŧ	102	10214	- 014	- 014	5.66
	Gen Occidentale 45 94	80	Ť	1023	193	- 814	را8 –	4.11
	Glendale Fed.S&L 512 95	100	Ì	91	9814	+ 814	+ 94	5.75
	Ind Fund Fin 5% 84	40	ř	10012	10034	8	•	5.66
	int - Am Dev Bit 6's 84	120	Ť	10234	103	- 81 ₂	+ 812	5.79
	N Zealand steel 5% 96	70	t	100	100%	- 012	- 812	5.23
	Oberos Kitwi 54 95		ŧ	10012	10034	+ 634	0	5,28
	Ohvetu inti 512 95						+ 034	
	Peps/co 51/ 95	130	t	101	10114	8	- B14	5.89
	Raiston Purina Sty 94						- 812	
	Santos Finance Ltd 6 94		t	10012			+ 024	
	Takya Blec Pwr 512 93	120	t	101	10114	+ 014	0	5.30
	Tokyo Metropolis 514 94	80	t	101 ¹ 2			+ 814	
	World Bk 54 94			102			+ 812	5.45
į	Average price	change	0	a day -	- 01 ₈ en	week (_	
	l	-		-	-			
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	YEN STRAIGHTS	issued	es:d	Offer	Change on day week	Ylei
	Cassa Nat Tele. 6'4 92	25	9732	9512	- 0¼ - 0¼	6.62
	Gdyr Tr & Rubber 7's 95	25	10114	10134	- 016 0	6.90
- 1	Mort Bit Denmark 7 92	10	1903	100%	- 61g + 81g	5.57
_	New Brunswick 719 BS	10	10114	1015.	+ 019 + 039	6.92
7						
_	Swed Exp Cred Zero 90	14	72'8	7339	9 + 018	6,71
:	Average price	روا جومعطی	day – G	े हुन्द प्र	reak + 01 ₈	

LOATING RATE	Spread	Bid	Otler	C.dte	Сери	Cyls
at Lux Alum 10°2 92 LF	608	10312	104 '2	- 04	- 4%	*#3
OE 8. SELF	600	99.76	100 g		- 8,2 - 6,7	
forld Bank 114 95 £	100	101		+ 0,6	- 64	11.01
sthouse Forte 11's 900	50	9934	100 '4	- 0%	+ 014 + 014	11.00
ricentrol XW 11 92 £	25	野"。	96		- 814	
Her Drug Cap 10% 90 E	30	100 14	1000		+ 014	
loyal Ind 104, 92 E	50	9712	98		+ 0%	
ant. Xeros 11 92 £	40	98	98 1 ₂		+ 6%	
rivamanken 11's 92 E	20		100,		- 9 10	
ISW, Treasury 104 92 C	50	97 1 ₈			. - 8 4	
Absubishi Fin HK 11 90 E	5Ù	100			+94	
Accionates 10% 90 E	40		101 3 ₈		+ 618	
mp Chem Intts 10% 92 C	75	98 'p	985 ₀	- 914	ı + 84	11.00
mp Chem inds 114 95 C	75	1003a	160 's	- 0°E	+ 01s	11.13
MACUK Fly 10's 90 C	30	95	9912	- 04	+ 814	
LIB. 11's 83 E	50	100 A	1005 _B	- 64	+ 674	
Justralia Comm 11 92 E	40	1001a	1005 ₆		+ (1-)	
Messanen om Surt. Mobil Corp. 114, 90 FF	500	1013 ₄	102 4		- 1%	
Wessanen 64 90 FL	50	991	100	0	+ 8%	
Myssen 7:₄ 90 FL Meraldhave 7:₂ 90 FL	75	101	102	8	8	7.83
Honda Motor XW 3's SUFL	50		104		+ 612	
tonda Motor WW 37s 90FL	100	22	891.		. + 0%	
Sec Pac Aust 84, 90 ECU	100		10338		- 019	
BM Wid Trade 8ta 90ECU	100	50%			+ 0%	
ENP. 8's SECU	150	101			+ 8%	
Kredlethank Lunz 17 88 NS	75	92 le		ě	Ĭ	1.04
KOP 164 91 NS	70 70	400.74	101 %			18.51
Chrysler Fin Corp 17 9UNS	85 . 50	. 22			+ 214	
Winnipeg City 10% 90CS	50	921 ₂		+ 01	+ + 4	11.20
Sears Act. Co 104 92CS		7 33 % 10514	9f(13)	- 01	+ • •	107
Montreal 11's 95 CS	75	104'8 † 93'a		+ 01	+ 14	20.74
Genstar Fin 11% 95 CS	75	10178 1047a	4967		+ 15	
CHBC 10% 90 CS		7 103'2	192 1 ₆		+ 91	
Canadian Pac 10% 90 CS		1031 ₂		a		9.72
Amer 10% 90 C5	50 76 ·	99/a			+ 27	
Swed Export Cred 13 88AS	40	30-9 101:s			+ 04	
Papsico Cap. Res. 13 90AS	50	363 ₀			+ 134	
Creditansialt 12's 9045		107			+ 30	
Barcleys Aust 12te 90AS	50 50	36.4		- 52		D.D
OTHER STRANGETTS	60	53-h	94 ³ a		+ 074	14.00

100	101	101 '2	+ 04	. + 0 4	11.0
600	93%				
608	10312	101 2	- 84	- 0'z	15
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O	99:6				1,44
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Û	99 1 ₈	997 ₈	22/11	5	5.06
Ď.	100	100 -	19/12	\$1 ₅	1,19
O'.	100	10014	9/1	814	2.24
974	100 'n	10072	10/2	8.91	1.29
ø.	997.	100	12/12	5	5.01
0	86 'a	25 Ju	1/11	11.89	11,78
0	100 a	100-	18/3	514	5.26
0	9976	100 °g	717	5	5.00
rice chan	ge On day	D OIL W	eck 0		
Cne.	Car, ·			Chg.	
delle	price	Bid	Other	day	Pres
	Signation Chair	600 9836 600 18312 Spraad Bid 0 9836 0 9836 0 9846 0 10014 0 9836 0 9816	600 9836 760 56 600 183 2 100 2 600 183 2 100 2 Spread Bid Offer 0 9838 9838 100 5 0 9838 100 5 0 100 10 100 10 0 9838 100 5 0 9838 100 16	600 9976 76076 6 600 10372 10372 - 676 Spraad Bid Offer C.dbe 9978 9978 1571 0°9 9978 9978 1571 0°9 9978 10079 11712 0°9 10079 11712 0°9 10079 11712 0°9 10079 11712 0°9 9978 10079 2271 0°9 9978 10079 11719 0°9 9978 10079 11719 0°9 10079 10079 10079 0°9 10079 10079 0°9 10079 10079 0°9 10079 10079 0°9 10079 10079 0°9 10079 10079 0°9 10079 10079 0°9 10079 10079 0°9 10079	600 93% 180% 3 - 0% 600 103% 104% - 0% - 0% - 0% - 0% - 0% - 0% - 0% -

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CONVERTIBLE	Cmr.	Car,			Chg.
SONDS	delle	price	51d	Other	day Prom
Afinemate 3 89	4:84	1053 64		124	- 14 4.98
Comcast 7 2000	12/85				- 012 34.27
Famuc 3º4 98	1/84	7032.3	1957		- 14 03.72
Fuji Hvy Inda 3.2000	8:85	678	9178		- 1% -0.77
Fujitsu 3 99	5/84	1320 9	96°4	9714	- 212 1254
Kumagai Gumi 31, 2000	3:65	600	1683		- 54 10.56
Марти 31₂99	7:54	1162	151	152	- 07 ₈ -9.62
Mitsubishi Bank 2°a 00	8:85	1113	98 1-		- 9'2 -9.61
Musubishi Elec 27a 00	3.85	422	7013 ₈		- 13 ₃ -0.18
Myrata 31, 2000	7/84	2338	118 'a		- 0°s 17.23
Noppor Elec 21s 2000	1.35	1295	1165	11778	- 6.9 220
Nippon Oil Co 3 2000	5/85	92.3	10478	18576	- 2°8 -212
Ota Elec Ind 312 99	10/84	805	105 12	1067.	- 1 - 157
Sekisul Kouse 3 99	6/84	612	159 %	1605	- 6º4 2.49
Summone Bank 24, 2000	8:85	2142	93 'a	947s	9 ² 3 5.73
Sumitomo Corp 2's 99	5/84	593	131 12	1323	- 63, Q.66
Taryo Yuden 3'₂ 2000	3'85	107B	† 103 T	105	-2 -433
Takeda Riken 3to 2000	10/84	7663	† 5 9	101	-: 11.57
Tokyo Sanyo Elec 312 99	12/84	772	985	1007	- 15 ₂ 1.74
Toshiba Ceramics 3 2000	485	17342	971	963 ₆	- 112 2.02
Nippon Oil Co 2's 92 SF	3/84	1052	t 10312	104	+ 17, 24,82
Neppon Shimban Co 2 92 SF	S/84		11115		+ 812 15.00
ASICS 5 92 DM	12/83	520	108	109	- 87 19.00
Renown 3's 90 DM	3.92		† 105 ₁₂		- 624 -452
Surp Resity 6's 92 DM	283	338	1 372	373	- 45 - 23
			,		- 2 - 6.29

† Only one market maker supplied a price.

ng Hata Matas: Denominated in dollars unless otherwise indicata a shown is reiniswam, C. data — Date mert compon becomes effective. Margin obove six-townik offered rate (?? three menth; S shows sun U.S. dollars. C.cpn. — certant compon. Co. yld — certant yudd.

rchyl Times Ltd., 1985. Reproduction is whole or in part is any facu-nt without welcon cocuset. Data supplied by QATASTREAM later-

THE ROYAL BANK OF CANADA **NOTICE OF FINAL REDEMPTION**

TO THE HOLDERS OF U.S.\$100,000,000 123/4% DEPOSIT NOTES DUE JANUARY 28, 1992 OF THE ROYAL BANK CE CANADA

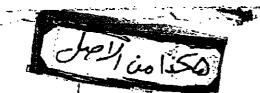
NOTICE IS HEREBY GIVEN pursuant to the terms and conditions of the 121/4% Deposit Notes due January 28, 1992 (the "123/4% Deposit Notes") that all outstanding 12%% Deposit Notes of the Royal Bank of Canada (hereinafter referred to as "the Bank") in coupon bearer form in the denomination of U.S.\$5,000 have been called for redemption on January 3, 1986 at a redemption price equal to 101% of their principal amount plus accrued interest to the date of redemption (totalling U.S.\$5,643.23 per U.S.\$5,000 12¾% Deposit Note). All such 12¾% Deposit Notes will be redeemed on January 3, 1986, in lawful money of the United States of America upon presentation and surrender of the said 124% Deposit Notes (accompanied by the interest coupons appertaining thereto which mature after January 3, 1986), at any of the following agents, at the option of the holder:

Orion Royal Bank Limited, 1 London Wall, London EC2Y 5JX, The Royal Bank of Orion Hoyal Bank Limited, I London Viell, London Loza Stat, the noyal Bank of Canada (France) S.A., 3 rue Scribe, 75440 Paris, The Royal Bank of Canada A.G., Bockenheimer Landstrasse 61, 6000 Frankfurt/Main 1, The Royal Bank of Canada (Belgium) S.A., rue de Ligne 1, 8-1000 Brussels, The Royal Bank of Canada (Suisse), rue Diday 6, 1204 Geneva. The Royal Bank and Trust Company, 68 William Street, New York, N.Y. 10005 (principal only), Kredietbank S.A. Luxembourgeoise, 43 Boulevard Royal, 2499 Luxembourg.

NOTICE IS ALSO HEREBY GIVEN that all interest on the 1234% Deposit Notes shall cease to be payable from and after the said 3rd day January, 1986, and coupons for interest to accrue after such date upon said 12%% Deposit Notes shall be void.

DATED AT LONDON December 4, 1985 THE ROYAL BANK OF CANADA BY ORION ROYAL BANK LIMITED





Chapter II Case Nos. 85-94019-H2-5 through 85-04022-H3-5 and 85-05481-H3-5

zhrough 85-05483-H3-5

INTERNATIONAL COMPANIES and FINANCE

Chris Sherwell on the end of self-regulation for the Singapore Stock Exchange

Chastened brokers agree to toe the line

SINGAPORE'S MORE respected stockbroking firms yesterday emerged bruised and somewhat

tries, a quoted marine salvage, hotel and property group.

But a crucial additional factor the 24 broking firms would in and influence as extraordinary pressure turn guarantee.

At a press was extraordinary pressure from the Monetary Authority of

From all accounts, emotions became very heated among the brokers, who were effectively shut in a room and told to agree. Once an accord was in place, agreement also went ahead with the big four local banks on a \$\$180m (US\$84.4m) standby credit for the Stock servant rather than a politician. Exchange of Singapore, which

od influence row. The line-up of the Stock At a press conference last Exchange committee is also

stockbroking firms yesterday emerged bruised and somewhat chastened from the Monetary Authority of the stock market trading on Sunday.

"There are some bloody heads," one leading broker said, after reluctantly agreeing to go along with a package to help other firms threstened by self-incurred defaults on forward share transactions.

They had been persuaded, Through the air remarked wrangling which lasted all day Monday and went right through the light, to support the "Hifeboat" because the whole stockbroking industry was ni peopardy after the recent collapse of Pan-Electric Londs on a greenment along with the big four local brokers, and property group.

Stock catchard additional factor of the Stock thankers were shown the agreement was followed to change, although yesterday by consultation between the MAS and acores of foreign banks which have lent incoal brokers. The foreign bankers were shown the agreement was a fined at strengthen yes to foreign banks which have lent into local brokers. The foreign bankers were shown the agreement was a fined at strengthen yes to foreign banks which have lent into local brokers. The foreign bankers were shown the agreement was a fined at strengthen yes to foreign banks which have lent into local brokers. The foreign bankers were shown the agreement was affect that the agree of the Stock Exchange industry was in jeopardy after the recent collapse of Pan-Electric Londs and property group.

They had been persuaded, after related wrangling which alsted all day Monday and went right through the night, to support the "Hifeboat" because the whole stockbroking industry stability. The properties of the Stock in the agreement was followed at strength by consultation.

The agreement was followed to that the agreement was affected that

that any damage to our status will be minimised."

Dunlop Olympic buys glove groups

By Tony Jackson DUNLOP OLYMPIC, Australian industrial group, is Australian industrial group, is to acquire four companies making and distributing latex gloves. The purchase price is undisclosed, but will be partly financed by a A\$55.35m (US\$37.5m) share placing at A\$2.25 per share, with the remainder to be not of the paid in onch

mainder to be paid in cash. The companies being acquired are Lamprecht, a small West German manufacturer of neoprene industrial gloves; Bioser, a French distributor of latex gloves and medical dis-posables; Kelga, a Malaysian maker of household and indus-trial gloves; and Pharmaseal trial gloves; and Pharmaseal, a US manufacturer of surgeons' gloves and medical kits with factories in Arizona and LTA, one of South Africa's Two contracts which were to leading civil engineering combe awarded to LTA were put up panies, has blamed the Austrafor re-tender and LTA was not lian Government for a sharp permitted to tender for them. decline in interim turnover and Dr de Beer added that LTA

The acquisitions will expand the group's Ansell International division, claimed already to be the world's biggest supplier of household and medical examination of the profits. tion gloves, and one of the big-gest suppliers of surgeons'

(\$210.5m) in the six months to September from R609m in the corresponding period of 1984. Pre-tax profits fell to R1.72m from R6.34m. Sales totalled R1.14bn in the year to March and pre-tax profits to march. Dunlop said the acquisitions would expand Ansell's output of medical examination gloves by 20 per cent, to 740m pairs per year, while surgeon's glove output would rise by 42 per cent to 113m pairs.

RL 14bn in the year to March and pre-tax profits reached R8.20m.

Dr Zach de Beer, the chairman, said that LTA suffered a

Dunlop said it expected dividends in the current year to be at least maintained on the new capital, which where the government decided loss for the half year against to South African-controlled dividend has again not been convenient. extra 6.8 per cent.

First-half earnings at NZFP down 16.4%

BY SANDY SOUTHON-PERRY IN WELLINGTON

LTA blames Australian

veto for interim setback

R8.20m. A R5m provision has been Dr Zach de Beer, the chairman, said that LTA suffered a losses and this has led the com-

HIGH INTEREST rates, increased in government charges, a up the cost of funding in the strong New Zealand dollar and half year, and this was by 23 per cent.

Industrial troubles were blamed for a 16.4 per cent drop in half-year net earnings of New Zealand Forest Products.

Enry the six months to Santom.

High interest charges pushed in Australia rose by 39 per cent to NZ\$26.8m, but exports fell kets, making it impossible to retain export markets.

Earnings were 13.5 cents per ordinary share, and the companies to raine products.

NZ\$9.88m. An increase in dend of 6 cents a share on other costs was reflected in the capital expanded by a recent funds for international expanders.

up better but will be below last year's record of NZ\$110.22m.

BY JIM JONES IN JOHANNESBURG

Turnover fell to R584m

For the six months to September, the company reported group profits after tax of NZ\$38.9m, down 29 per cent, NZ\$44.52m (US\$25.54m). Full. despite a 13 per cent rise in year earnings expected to hold up better but will be below less. NZ\$38.9m, down 29 per cent, despite a 13 per cent rise in sales to NZ\$588.17m.

Sales in New Zealand were up 17 per cent to NZ\$60.86m and sales to NZ\$60.86m and

would withdraw from Australia

as soon as it has completed

existing contracts.

Within South Africa the com-

pany has suffered from the decline in construction activity. Work volumes have fallen and

margins have been sharply

funds for international expan sion, Reuter reports from Wellington.

This announcement appears as a matter of record only

850,000 shares

NEWPORT PHARMACEUTICALS INTERNATIONAL INC.

The above shares have been placed privately with institutional clients of

American Equities Overseas Inc. and MedVest Inc.

NOTICE TO CREDITORS AND EQUITY SECURITY HOLDERS OF (A) HEARING ON APPROVAL OF DISCLOSURE STATEMENT, (B) HEARING ON CONFIRMATION OF JOINT PLAN OF REORGANIZATION AND (C) TIME WITHIN

TXIA HOLDINGS CORPORATION, TEXAS INTERNATIONAL AIRLINES FINANCE N.V., TEXAS INTERNATIONAL AIRLINES CAPITAL N.V., 20d

CONTINENTAL AIRLINES CORPORATION.

CONTINENTAL AIR LINES, INC., TEXAS INTERNATIONAL AIRLINES, INC.,

TXIA FINANCE (EUROPE) B.V.,

WHICH CREDITORS AND EQUITY SECURITY HOLDERS MAY VOTE FOR ACCEPTANCE OR REJECTION OF JOINT PLAN OF REORGANIZATION NOTICE IS HEREBY GIVEN THAT:

1. On September 5, 1985, Continental Airlines Corporation, Continental Air Lines, Inc., Texas International Airlines, Inc. ("TXI"), TXIA Holdings Corporation, TXIA Finance (Europe) B.V., Texas International Airlines Capital N.V. and Texas International Airlines Finance N.V. (collectively, the "Debtors"), filed with the United Scates Bankruptcy Court for the Southern District of Texas (Internatively Court") the Debtors Joint Plan of Reorganization Under Chapter 11 of the United States Bankruptcy Code (the "Plan") and a proposed disclosure statement pursuant to section 1125 of the Bankruptcy Code in connection with the Plan (the "Disclosure Statement are on file with the Clerk of the Bankruptcy Court, United States Courthouse, 515 Rusk Street, Houston, Texas 77002 and may be reviewed during regular business hours. Hearing on Approval of the Disclosure Statem

IN THE UNITED STATES BANKRUPTCY COURT FOR THE SOUTHERN DISTRICT OF TEXAS HOUSTON DIVISION

2. A hearing will be field on December 18, 1985 at 9:00 a.m., or as soon thereafter as counsel can be heard, before the Honorable T. Glover Roberts, United States Bankruptcy Judge, in Courtroom 1, United States Courthouse, 515 Rusk Street, Houston, Texas, to consider the Disclosure Statement and any objections or modifications thereto, and to consider any other matter that may properly come before the Bankruptcy Court at that time. Said hearing may be adjourned from time to time without further notice other than an announcement of the adjourned date or dates at the hearing or an adjourned hearing. Objections or proposed modifications to the Disclosure Statement, if any, must be in writing and must be filed with the Benkruptcy Court, together with proof of service, and served on the following on or before

mber 6, 1985:

(i) Continental Airlines Corporation
2929 Allen Parkway
Houston, Texas 77019
Attention: Berry P. Simon, Esq.

(ii) Weil, Gotshal & Manges Attorneys for the Debtors 767 Fifth Avenue New York, New York 10153 Attention: Bruce R. Zirinsky, Esq. Dotson, Babcock & Scotield
Attorneys for the Unsecured Creditors

Committée 1200 Interfirst Plaza Houston, Texas 77002 Attention: William M. Schultz, Esg. (iv) Bishop, Liberman & Cochic,
Attorneys for the TXI
Public Debtholders' Commit
1155 Avenue of the Americas
New York, New York 10036
Attention: Robert Miller, Esq.

(v) Booth, Marcus & Pierce
Attorneys for the Union
Labor and Pension
Creditors' Committee
79 Fifth Avenue
New York, New York 10003
Attention: Claude Montgomery (vi) Ervin, Cohen & Jessup Attorneys for the Non-Union Employees Creditors' Commits 9401 Wilshire Blvd. Beverly Hills, California 90212 Attention: Clifford Brown, Esq. (vii) Andrews & Kurth

Continental Air Lines, Inc. 4200 Texas Commerce Tower Houston, Texas 77002 Attention: Hugh M. Ray, Esq.

Time for Acceptance or Rejection of the . Finn and Hearing on Confirmation of the Plan

4. Creditors and the equity security holders of the Debtors who are entitled to vote to accept or reject the Plan most do so on or before February 20, 1986. Information regarding the Plan and instructions for-voting on the Plan will be mailed to all known creditors and the equity security holders of the Debtors in advance of the expiration of the time fixed for voting.

5. A hearing will be held on March 20, 1986 at 9:30 a.m., or as soon thereafter as counsel can be heard, before the Honorable T. Glover Roberts, United States Bankruptcy Judge, in Courtroom 1, United States Courthouse, 515 Rusk Street, Houston, Texas, to consider confirmation of the Plan and any other mester that may properly come before the Bankruptcy Court at that time. Said hearing may be adjourned from time to time without further notice other than an announcement of the adjourned date or dates at the hearing or an adjourned hearing.
6. Objections to confirmation of the Plan, if any, must be in writing and must be filed with the Bankruptcy.

6. Objections to confirmation of the Plan, if any, must be in writing and must be filed with the Bank-ruptcy Court, together with proof of service, and served on the persons set forth in paragraph 3 above on or before February 28, 1986.

before February 28, 1986.

7. The times fixed for voting to accept or reject the Plan, the hearing on confirmation of the Plan and objections to confirmation of the Plan may be rescheduled by the Bankruptcy Court in the event that the Disclosure Statement is not approved by the Court on or about December 18, 1985. Notice of the rescheduled date or dates will be provided by an amouncement at the hearing on the Disclosure Statement, as anouncement at the hearing on the Disclosure Statement, as well as in the materials sent to creditors and the equity security holders of the Debtors regarding voting on the Plan.

8. SPECIAL NOTICE to holders of 7½% Convertible Subordinated Debentures issued by Texas International Airlines Finance N.V. and holders of Garanteed Floating Rate Notes issued by Texas International Airlines Capital N.V. (collectively, the "Eurobonds") —

Upon the approval of the Disclosure Statement by the Bankruptcy Court, the Plan, the approved Disclosure Statement and a heliot for voting on the Plan will be sent to all known holders of Eurobonds. Additionally, approximately one week after such approval, a further notice will be published advising holders of Eurobonds of the procedures for voting on the Plan and how they may obtain ballots and copies of the Plan and Disclosure Statement.

Dated: Houston, Texas

Dated: Houston, Texas October 18, 1985 WEIL, GOPSHAL & MANGES
Automeys for the Debtors
767 Fifth Avenue
New York, New York 10153
(212) 310-8000

The General Electric Company plc.

Interim Report

1. The unaudited results for the six months ended 30th Septe

The directors have declared an interim dividend on the Ordinary Shares of 1.40p (1984, 1.35p) per share payable on 29th March 1986 to shareholders on the register at the close of business on 13th February 1986, The cost of the interim dividend is £37 million (1984, £37 million).

3. As stated by the Chairmon at the Annual General Meeting in September, the results for the fi months of the current immetal year were down on the previous year, a trend which continue August and September.

3. As stated to the Chairman at the Familia General special state and a superior of the current limited during August and September.

Major items involved were:
(a) a fall of £14 million in the profits of the Exchange and Transmission group. So far as Transmission is concerned, the work load is still declining, but Exchange division is expected to recover in the second half through the increasing rate of delivery of System X;
(b) the profits of Canadian Marconi Company were reduced by Canadian \$22 million as a result of a drop in the order book, which is beginning to show signs of improving;
(c) a reduction of £16 million in the results of Marconi Secure Radio, GEC McMichael and the Switchgear businesses. In the case of Marconi Secure Radio, a substantial overseas order, on which considerable expenditure had been incurred, was not implemented because of a failure to establish acceptable expenditure had been incurred, was not implemented because of a failure to establish acceptable expenditure to establish acceptable expenditure to a been incurred were also borne in GEC McMichael. The Switchgear and associated businesses suffered further from the difficulties which were reported at the end of last year and from a continuing low deviand. In all of these units substantial costs are being incurred in the process of reorganisation;
(d) sharply increased expenditure on research and development, particularly in microcircuitry and opto-electronic devices and in their applications;
(e) movements in exchange rates reduced the sterling value of the overseas activities by £11 million as against the prevailing rates at 30th September, 1984. There was also a reduction of £10 million in gains arising from the Company's holdings of foreign currencies. 4. Principal Activities 366 215 230 297 351 135 111 2,569 179 10 Associated 5. Bank deposits, current asset investments and net balances with bankers at 30th September 1985 were £1,367 million [31st March 1985,£1,414 million]. 6. (a) Territorial analysis of results of Principal Activities ver 1984 £m 1,225 234 564 127 304 115 2,569

(b) Sales to customers excluding inter-Group and associated companie (c) Exports from the United Kingdom 9&C 2,600

All of these securities having been sold, this announcement appears as a matter of record only.

NEW ISSUE

4.400,000 Class A Depositary Units Representing Class A Limited Partners' Interests

Rayonier Timberlands, L.P.

Lazard Frères & Co.

E. F. Hutton & Company Inc.

Bear, Stearns & Co. Inc. The First Boston Corporation Alex. Brown & Sons Dillon, Read & Co. Inc. Donaldson, Lufkin & Jenrette Drexel Burnham Lambert Goldman, Sachs & Co. Hambrecht & Quist Merrill Lynch Capital Markets Kidder, Peabody & Co. Montgomery Securities

Morgan Stanley & Co. Prudential-Bache Paine Webber L. F. Rothschild, Unterberg, Towbin

Salomon Brothers Inc

Robertson, Colman & Stephens

Shearson Lehman Brothers Inc.

Smith Barney, Harris Upham & Co.

Wertheim & Co., Inc.

Dean Witter Reynolds Inc.

Allen & Company

A. G. Edwards & Sons, Inc.

Oppenheimer & Co., Inc.

Rothschild Inc

Thomson McKinnon Securities Inc.

Tucker, Anthony & R. L. Day, Inc.

November, 1985

New Issue

December 4, 1985

INTL. COMPANIES & FINANCE

Barlow Rand sees the abolition of apartheid as essential for growth

BY ANTHONY ROBINSON IN JOHANNESBURG

Haindl Finance B.V. Amsterdam, Netherlands

DM 150.000.000 Deutsche Mark Zero-Coupon Bonds of 1985/2000

Redemption: Listing:

December 5, 2000 at the principal amount Munich and Frankfurt am Main

DM 100,000,000 7% Deutsche Mark Bonds of 1985/1997

Issue Price: Interest: Repayment:

7% payable annually on December 5 December 5, 1997 at par

Munich and Frankfurt am Main unconditionally and irrevocably guaranteed by HAINDL PAPIER GmbH.

Augsburg, Federal Republic of Germany

Deutsche Bank

Bayerische Vereinsbank

Bank of America International

Swiss Bank Corporation International Limited

Algemene Bank Nederland N.V.

Baden-Württembergische Bank Aktiengesellschaft Bank of Tokyo (Deutschland) Banque Générale du Luxembourg S.A. Banque de Neuflize, Schlumberger, Malle

Berliner Bank Chase Bank AG

Compagnie de Banque et d'investissements, CSFB-Effectenbank AG **Deutsche Bank Capital Corporation**

terele Bank

Hill Samuel & Co.

cturers Hanover Merrill Lynch International & Co.

Morgan Guaranty GmbH Nomura Europe GmbH Orion Royal Bank

Bayerische Hypotheken- und Wechsel-Bank

Toronto Dominion International Limited

Arab Banking Corporat Daus & Co. GmbH Bank für Gemeinwirtschaft Bank J. Vontobel & Co. AG

Baring Brothers & Co., Limited Berliner Handels- und Frankfurter Bank

Crédit du Nord

Daiwa Europe (Deutschland) G Dresdner Bank entrale und Benk de Georg Hauck & Sohn B

Lloyds Merchant Bank Lin

B. Metzler seel, Sohn & Co. Norddeutsche Landesbank

PK Christiania Bank (UK)

Bayerische Landesbank Girozentrale

Westdeutsche Landesbank Girozentrale

This advertisement appears

Bank Leu International Ltd. que Nationele de Paris

Joh. Berenberg, Gossler & Co.

Deibrück & Co. **DG Bank** Deutsche Geno First Interstate

sische Landesbank

LTCB Inter

Sat. Oppenheim ir. & Cie.

Smith Barney, Harris Upham & Co.

IKB Finance B.V.

This announcement appears as a matter of record only

Amsterdam, Netherlands

DM 100,000,000 Floating Rate Notes 1985/1995

Payment of Principal and Interest Unconditionally and Irrevocably Guaranteed by

Industriekreditbank AG Deutsche Industriebank

Issue Price: 100%

Application will be made to list the Notes on the Düsseldorf Stock Exchang

Industriekreditbank AG

Bankers Trust GmbH

CSFB-Effectenbank AG

DG BANK

terreichischen Sparkassen

Industriebank von Japan (Deutschland) AG

Mitsubishi Trust and Banking Corporation (Europe) S.A.

Shearson Lehman Brothers International

Union Bank of Switzerland (Securities) Limited

S.G. Warburg & Co. Ltd.

Westdeutsche Landesbank Girozentrale

Johannesburg stock exchange recently when it reported a 23 criticised for paying too much at the time, the £235m pur-chase, of which nearly a third flowed back to Tiger Oats, the per cent rise in turnover after one of the most difficult years even for the South African economy. Even the 3 per cent decline in earnings per share looked reasonable compared with the recession-hit profits of other big industrial groups. The results implied that the outlook for industrials next year, when the economy is

expected to grow by 3 per cent against a background of lower interest rates and higher government spending, might not

be quite as gloomy as feared.
When added to other factors.
like the decision to go ahead
with the R4.8bn (\$1.78bn)
Mossel Bay off-shore gas project. the results beloed to spark off renewed interest in equities as an inflation hedge which has raised the JSE Industrials Index to new highs—albeit in terms of the inflation and depreciation-weakened rand.

There are two main reasons for Barlow Rand's relatively good performance in the year to September: its strong posito September: its strong post-tion in the mining sector and the early success of its recently acquired international arm, J. Bibby and Son. In effect politics and rand depreciation have divided the economy clearly into winners and losers, and the winners are the mining sector and products like chrome and special alloy steels which have produced record results from the translation of export earnings into rand.

Performs gold and chrome

Barlow's gold, coal, chrome and other interests and its special alloys subsidiary Middelburg Steel account for around half the R709m group operating profits after interest, with Midelburg Steel, the star performer, turning in profits of around R55m after years of

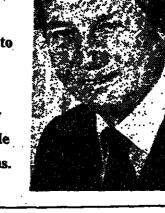
But it is Barlow's acquisition of Bibby last year, in the nick of time as it turned out, which has given the group a significant extra element of insulation from the vicissitudes of the stop-go South African economy. Mr. Warren Clewlow, recently appointed as chief executive in place of Mr Mike Rosholt, who remains chairman, has no doubt that if Barlows had not bought

BARLOW RAND, South Africa's in the present climate of anti- from 204 to 165 cents, with the largest industrial conglomerate. South African feeling and at dividend unchanged at 70 cents. South African feeling and at dividend unchanged at 70 cents. South African feeling and at dividend unchanged at 70 cents. Mr Cl 2014 pospects for the current exchange rates. Prospects for the unchanged at 70 cents. Mr Cl 2014 pospects for the unchanged at 70 cents. Mr Cl 2014 pospects for the prospects for the unchanged at 70 cents. Mr Cl 2014 pospects for the unchange rapid reduction in prime rate from 25 per cent to 16.5 per cent over the past six months will help. So will a reduction in recent high levels of capital

food subsidiary, in compensation for its former 30 per cent

But it is not the unexpectedly sector and industrial interests, high immediate return but the longer-term expansion prospects. both internally and umbrells, effectively a conglo-The food interests, gathered together under the C G Smith

Mr Warren Clewlow. Barlow Rand's new chief executive, says that bringing blacks fully into the economy is vital above all for the future growth of the currently depressed industrial side of the group's operations.



African operations, the food

through acquisitions, which excite Mr Clewlow. "We have kept Bibby deliberately undergeared so it can make sizeable new acquisitions, up to £60m or so, without having to call on us as parent company to con-tribute. We are quite willing to our holding diluted," he

Despite the strong perform-ance of the mining sector and Bibby, the group as a whole has yet to break out of the pattern of static dividend payments and declining earnings per share over a five-year period in which turnover has virtually trebled to R12.24bn from R4.5bn Bibby last year "it would have in 1981. Earnings per share been impossible to do so now have declined over this period

merate within a conglomerate, account for around 15 per cent of profits.

The cash injection from the

sale of its 30 per cent stake in Bibby made sure that the Tiger Oats subsidiary did not suffer the same fate as the rival Pre-mier Milling group, whose profits were decimated by high interest charges and the peren-nially loss-making poultry divi-But real growth from this

essentially stable area of Bar-low Rand's activities will only come from higher black con-sumer purchasing power and the sort of radical political changes which could eventually

Mr Clewlow is convinced that Mr Clewlow is convinced that "ultimately South Africa will feed the sub-continent." But South Africa's apartheid image and destablisation policies will have to change dramatically hefore that happens before that happens.

Like Mr Rosholt, the chairstake. the 77 per cent growth in Bibby's pre-tax earnings in the nine months ending September contributed over R50m to profits translated from sterling. anvocate of aparticul reform, Mr Clewlow is also convinced that "abolition of apartheid will impact favourably on Barlow Rand." Bringing blacks fully into the economy is vital chove all he cays for the above all, he says, for the future growth of the currently depressed industrial side of Barlow Rand's operations. This is made up of the packaging paint, building materials, earth-moving equipment and other construction-linked activities.

construction-linked activities.

"At present fewer than 10m of South Africa's 27m people are economically active. By the end of the century there will be 47m people. If the government abolished influx control and opts, as it is being urged to do, for a policy of orderly urbanisation, the potential growth is tremendous. Industries which are considered mature in Europe and the US are big potential growth areas for us, and Barlow Rand is geared to satisfy these demands." Mr Clewlow says. Only 10 per cent of the estidemands." Mr Clewlow says. Only 10 per cent of the estimated 100.000 houses per year needed to dent the black housing backlog were built last year. To remedy this Mr Clewlow has called for a drastic change in the pattern of state spending. "Every spare penny has to be channelled into black housing, education and training." he argues.

The group spent over R40m

The group spent over R40m last year on its own training schemes, designed largely to raise the level of black skills at all levels. But at the same time it shed over 8,000, mainly black workers, due to the recesblack workers, due to the recession and rationalisation. However, the perception that apartheld is no longer good for business and that abolition is vital if the South African economy is to reach its full potential is one now deeply rooted in enlightened self-interest. It is because of this that the conversion of South African business in general to African business in general to make South Africa a major carries a ring of conviction foodstuff supplier and processor often lacking in the past.

NEW ISSUE

These Notes have not been registered under the United States Securities Act of 1933 and may not be offered or sold in the United States of America or to nationals or residents thereof: These Notes having been sold, this announcement appears as a matter of record only.

NOVEMBER 1985

U.S. \$100,000,000



COMMONWEALTH BANK OF AUSTRALIA

A Statutory Corporation of the Commonwealth of Australia

10% Notes Due 1993

The Commonwealth of Australia guarantees the payment of all moneys that are, or may at any time become, payable by the Commonwealth Bank of Australia

Credit Suisse First Boston Limited

Salomon Brothers International Limited

Deutsche Bank Capital Markets Limited

Merrill Lynch Capital Markets

Swiss Bank Corporation International

Union Bank of Switzerland (Securities)

BankAmerica Capital Markets Group

Banque Bruxelles Lambert S.A.

Banque Nationale de Paris

Commonwealth Bank of Australia

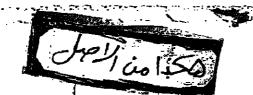
County Bank Limited

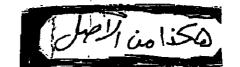
Kidder, Peabody International Limited

Morgan Guaranty Ltd

Nomura International Limited

Orion Royal Bank Limited





MULTIPLE EQUITY-LINKED BOND ISSUES BY THE PIRELLI GROUP.

The Pirelli Group has successfully completed five co-ordinated equity-linked bond issues which raised a total of approximately \$227 million for certain Group operating subsidiaries. Each issue is convertible into, or carries warrants for, shares of one or both of the Pirelli parent companies.

EUROMARKETISSUES

NEW ISSUE. These Bonds having been sold, this amountement appears as a matter of record only. AUGUST 1985	-								
U.S. \$50,000,000									
Pirelli Financial Services Company N.V.									
Guaranteed 7% Convertible Bonds Due 1995 Unconditionally guaranteed by									
IRELLI									
Pirelli Société Générale S.A.									
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Bayerische Vereinsbank Aktiengesellschaft Berliner Hundels- und Frankfurter Bank								
County Bank Limited Credita Italiano S.p.A.								
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Merrill Lynch Capital Markets Morgan Grenfell & Co. Limited								
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NFW ISSUE These Bonds having been sold, this announcement appears as a matter of record only AUGUST to
DM 120,000,000
Pirelli Financial Services Company N.V.
4% Convertible Bearer Bonds of 1985/1992 Irrevocably and unconditionally guaranteed by
IRELLI
Pirelli Société Générale S.A.
and Convertible into Ordinary Shares of Common Stock of Pirelli S.p.A., or Bearer Shares or Bearer Participation Certificates of Société Internationale Pirelli S.A.
Berliner Handels- und Frankfurter Bank
CSFB-Effectenbank AG Dresduer Bank Aktiengesellschaft
Baring Brothers & Co., Limited Banca Commerciale Italiana Commerzbank Aktlengeselkekaft Credit Commercial de France
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Norgan Guaranty GodbH Morgan Stanley International
Nederlandsche Middenstandsbank nv The Nikko Securities Co., (Deutschland) GmbH
Swiss Bank Corporation International Limited Union Bank of Switzerland (Securities) Limited
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DOMESTICISSUES

NEW ISSUE This announcement appears as a matter of record only SEPTEMBER 1985

Lir. 102,943,345,000

Industrie Pirelli S.p.A.

Bonds due 1995

IRELLI

convertible into ordinary shares of Pirelli S.p.A.

Rights to these bonds
were offered to shareholders
of Pirelli S.p.A.
The issue has been
subscribed in full.

NEW ISSUE	This annount ement appears its a matter of second
	FFr. 200,000,000

Tréficable Pirelli S.A.Bonds due 1995

guaranteed by

Pirelli Société Générale S.A.
with warrants to subscribe

Ordinary shares of

Bearer Participation Certificates or Bearer Shares of Société Internationale Pirelli S.A.

Banque Paribas

Pirelli S.p.A.

MM. Lazard Frères et Cie Crédit du Nord

36----

Morgan et Cie. S.A.



GEC profits below City forecasts

General Electric Company, which yesterday unveiled pro-posals to join forces with Plessey, the telecommunications and defence business, also reported a 13 per cent fall in half year pre-tax profits.

Profits to September 30 were \$289m, compared to \$332m for the corresponding period. A higher interim dividend of 1.4p (1.35p) is being paid, which is covered comfortably by unchanged earnings of 6.6p per Electrical Consumer Cons

Brokers described the profit fall as disappointing. "These figures are well down on expectations and are not impressive at all," said one analyst. Another electronics analyst said: "GEC is not generating sufficient profits from internal growth."

They added that the results vere one reason why GEC had were one reason way the new simultaneously announced its cautiously-expressed desire to join up with Plessey. "In sheer industrial logic it appears to make sense." said

appears to make sense." said one broker, "these figures are the clearest indication that GEC needs to be much bigger if it is needs to be much bigger if it is to compete effectively against the international glants such as Siemens and the Japanese."

Analysts had downgraded forecasts since GEC warned at its AGM last September that profits for the first four months were lawer. But market everes were lower. But market expec-tations had ranged around ponents also experienced a sharp f320m, with more bearish drop in profits from £108m to circulars forecasting around £77m, while electrical equipment

DIVISIONAL PERFORMANCE ANALYSIS (Lm) 877 352 230 199 303 377 Power gen Electrical Consumer Distribution 2,794† 289 2,782

tronics switching system supplied to British Telecom. Electronics systems and com-

broadly favourable view on rose from £11m to £14m while GEC's proposed new combination with Plessey.

Pre-tax profits fell in three of EVen GEC's much criticised

Fre-tax profits fell in three of GEC's eight main divisions.

In telecommunications and business systems, pre-tax profits were down from £40m to £33m. However, GEC said that its Exchange division was expected to recover in the second half through the increasing rate of delivery of System X, the electronics switching system America, profits were cut from the GEC's much criticised cash mountain was lower at £1.41bn (£1.37bn), which analysts attributed to GEC's decision to buy back its shares. Geographically, GEC's performance suffered in almost every area. In the UK, pre-tax to £157m. In the US and South the criticised cash mountain was lower at £1.41bn (£1.37bn), which analysts attributed to GEC's decision to buy back its shares. America, profits were cut from £43m to £26m, while elsewhere in Europe they were down from £17m to £16m.

\$23m due to a drop in orders. though there were signs of

In addition, Marconi Secure Radio, GEC McMichael and the Radio, GEC McMichael and the Switchgear business revealed a filem fall in pre-tax profits. A substantial unnamed order for Marcont Secure Radio, fell through after the company had failed to establish acceptable credit terms. GEC said the item had involved "considerable arrenditure"

GEC said it was reorganising all three of these businesses at a substantial cost. Equally, the group said it was sharply increasing spending

on research and development, particularly in opto-electronic devices and their applications.

devices and their applications.

GEC also said that results had been adversely affected by unfavourable exchange rates. These had reduced the sterling value of overseas activities by £11m compared to prevailing exchange rates at the end of September 1984. Gains through holdings of foreign currencies were also down by £10m.

Several analysts said yesterday that the recent rise of the pound against the dollar would not benefit GEC, which saw exports from £558m to £604m. "The rise of sterling will make it even harder for GEC to compete in international markets," said one broker, "and telecommunications." one broker, "and telecommuni-cations is an international busi-ness these days."

See Lex

LATEST TWIST IN WEINSTOCK'S MANOEUVRES

YESTERDAY'S merger proposal position was reversed and in a to Plessey is the latest twist in remarkable burst of merger a remarkable history of GEC's activity, GEC swallowed these acquisitions stretching back 20 two rivals in the late 1960s. It years and stemming from the took over AEI in 1967 after a arrival at the company of Mr Arnold (now Lord) Weinstock in 1961. bitter battle (and after gaining support for a merger from the Labour Government's Industrial

In that year GEC took over Radio and Allied Industries, a

Reorganisation Corporation).

W. and T. Avery, the British weighing machine manufacturer, for £83m. The following year it bought Picker International, the US medical electronics manufacturer, for \$116m, but was defeated by Racal in a takeover battle for There.

In that year GEC took over Radio and Allied Industries, a small but highly successful radio and television manufacturer headed by Mr Michael Sobell and is son-in-law, Mr Weinstock. Within two years, Mr Weinstock had been appointed managing director of GEC, and began accelerating its growing profitability.

He was only 38, and while he came to GEC with a reputation as a good manager, his rise to the top was extraordinarily rapid.

GEC was one of the three leading British electrical engineering companies, together with Associated Electrical industries.

In the 1960s, however, this is maker for \$100m, and in the 1960s, however, this in the solution of the UK heavy electrical engineering industry.

They was later (and again with the backing of the IRC) a classic GEC blend of reorganisation corporation).

Avery, which was in consider the difficulties before being taken over, responded well to a classic GEC blend of reorganisation corporation).

Twoy ears later (and again with the backing of the IRC) a classic GEC blend of reorganisation corporation).

Twoy ears later (and again with the backing of the IRC) a classic GEC blend of reorganisation corporation).

There were widely regarded as a "golden era" for the group, as it set about rationalising and strengthening electrical and electronics businesses. Return on capital employed rose from 8 per cent in 1952.

There were a substantial number of small disposals but these were outwelghed by several massing a celebrated "cash mountain," acquisitions over the past five years have were outwelghed by several massing a celebrated "cash mountain," acquisitions over the past five years have been relatively small in scale. However, it has been involved appliance manufacturer, while the control of one company formed to of the UK heavy electrical engineering industry.

The 1970s were widely regarded as a "golden era" for cent in 1970 to 27 per cent in 1982.

There were a substantial number of small disposals but these were outwelghed by several massing a celebrated "cash mountai Avery, which was in considerable difficulties before being taken over, responded well to a classic GEC blend of reorganisation and firm management controls. And Picker, which was merged with GEC's existing medical business, also did well. But Dick proved a disappointment as recession damaged its

the capital goods, electronics and high technology products of AEG-Telefunken, the ailing West German company.

A stake in AEG would have given GEC a much stronger position in European markets where its presence is surprisingly modest for a group of its size. However, any hope of a deal with AEG foundered on fears of West German workers that its involvement would mean heavy redundancies and concern among German industrialists that such a strategic stake should pass into foreign hands. And in June last year it made a merger approach to British Aerospace, which abruptly broke off talks the following month complaining that no specific pro-posals had emerged from GEC.

In retrospect, GEC's move was probably a spoiling tactic to thwart merger talks already taking place—and later called off—between BAe and Thorn EMI. In March this year, the group paid £34m to take control of the yarrow warship yard, on the Clyde, which was being sold as part of the Government's privatisation programme.

Atkins Bros. expands to £0.2m midway

The directors of Atkins
Brothers (Hosiery) are looking
for considerably improved profits for the year-ending March 31
1986. Over recent years the
company has added to its traditional business of manufacturing
knitwear by moving into electronics.

For the first half to September 30 1985 the group has lifted its turnover from £6.31m to £8.32m and its pre-tax profit from £96,000 to £215,000.

All areas of the business are currently very busy, the directors state, and should this momentum be held throughout the first three months of 1986, then 1985-86 should produce a considerable improvement over the £312,000 of the previous year.

was 4p.
Last April the group broadened its diversification into electronics and general engineering design technology with the acquisition of Cartner Group, for a mixture of cash and shares.

The directors say that in the half year both the textile and

haif year both the textile and electronic businesses have produced better figures, each area contributing profits attributable in almost equal proportions.

After tax £24,500 (£38,000) and minorities £17,000 (£3,000) the net attributable profit for the six months its £114,000 (£34,000), for earnings of 1.7p (1.35p) per share.

NEVI BALTIC, financial services NEVI BALTIC, financial services group, has acquired Finance for Housing from Mr Robin Ellison for £250,000 cash. Finance for Housing was founded by Mr Ellison, and through its building trust, which is run as an unauthorised unit trust, it provides mortgages to borrowers at a low rate of interest. On disposal of the mortgaged property, the borrower surrenders a proportion of the increased value to the lender.

Hanson lifts stake in Bowater to over 10%

industrial holding company, has increased its stake in Bowater Industries, the paper group, from 8 to just over 10 per cent. Bowater is expected to announce d etails of the enlarged Hanson holding today. Hanson first disclosed that

it held a significant stake in Bowater in July when it revealed a 7.03 per cent holdits stake by nearly 1 per cent to the 8 per cent figure. Bowater's shares rose 1p to

328p yesterday to value the Hanson holding at more than £30m. Hanson's shares fell 1p to 209p. The revelation of the initial Hanson holding prompted stock market speculation that Hanson might be preparing a bid but Hanson described its purchases as a long-term

Since revealing its initial purchase of Bowater shares Hanson has launched a takeover bid for SCM Corporation, the New York chemicals to typrewriters group, worth \$930m. This bid has since been

stranded by a complex legal battle and city analysts do not expect Hanson to resume bid activity in Britain until this

activity in Britain until ihis conflict has been resolved.

In 1983 the then larger Bowater and a much smaller Ranson Trust reached agreement on a merger but Bowater's bid was dropped following a reference to the Monopolies Commission.

Bowater increased its pretax profit by £800,000 to £13.2m in the first half of 1985 to disappoint analysts who had been hoping for profits of around £16m. The company said however that it had put its large capital prohad put its large capital pro-grammes and costs related to the demerger of its North American activities largely behind it.

In a separate development Hanson is believed to have taken a stake of just over 1 per cent in the shares of Babcock International, the engineering group. Babcock does not believe Hanson's intentions are hostile.

Guinness Peat buys jobber By John Moore, City Corresponde

Guinness Peat, the financial services group which is bid-ding £212m for Britannia Arrow Holdings, yesterday concluded a deal to purchase the remaining 70.1 per cent in White and Cheesman, the

in White and Cheesman, the stocklobber.

The deal has been arranged through its Guinness Mahon Securities, offshoot. Completion of the purchase is expected to take place shortly after March 1, 1986.

White and Cheesman is a specialist market maker on the Stock Exchange in a wide range of Australian, Far

Park Place expands

half of the vendors through the market.

In the year ended July 31
1985 Mary Glasgow generated sales of £3.04m—a substantial part is made on the Continent, particularly France—and pre-tax profits of £92,000; net assets stood at £1.36m includ-

ing each £535,000. The acquisition will increase the variety

and content of published mat-erials sold to the education

publishing side

range of Australian, Far Eastern, European and Irish

Eastern, European and Irish stocks.

Mr Fraser Jennings, a director of Guinness Mahon and Co, will become an executive director of White and Cheesman, with responsibility for the development of the jobber's business in Europe. He will also be responsible for other specialist areas and related developments in the Guinness Mahon investment banking business.

Mr Douglas Fairman of The interim taxable figure came to £256,300 (£181,400) on turnover £1.4m ahead at £2.85m. A profit of £33,900 (nil) from the design division—which includes one of the acquisitions—outweighed a £37,900 loss in the central finance holding company (£11,100 profit). The manufacturing companies lifted profits from £78,000 to £96,700, but Mr Platon says that this side was inevitably affected by the removal to the new factory at the Viables Industrial Estate, Basingstoke, which was completed in October.

He adds that the new facilities are already profine of benefit to Mr Douglas Fairman of White and Cheesman will join the board of Guinness Mahon Securities.

are already proving of benefit to production and is confident that they will allow the second half to provide the traditional major part of the year's turnover. Publishing Side
Park Place Investments has conditionally agreed to purchase Mary Glasgow Holdings, which publishes language-teaching magazines for secondary schools. Consideration is £1.63m to be met by the issue of 771.648 ordinary shares in Park Place, and this represents 6 per cent of the enlarged capital. House Govett has conditionally placed 388.765 of the shares on behalf of the vendors through the market.

Trafalgar trying to sell London Standard stake

BY MARTIN DICKSON

Trafalgar House, the engineering, construction and shipping group, yesterday reported a 26 per cent rise in full-year pre-tax profits from £113.2m to £142.5m The company also confirmed speculation that it was considering selling its 50 per cent stake in the London Standard newspaper to the other joint owner, Associated Newspapers.

The results to end September The results to end September 1985 were somewhat ahead of market expectations, which were pitched around £139m, although Trafalgar shares closed 99 lower

at 386p.
Sir Nigel Broackes, Trafalgar's Sir Nigel Broackes, Trafalgar's chairman said that the group did not believe 50/50 per cent ownership of the London Standard was good for the newspaper. Trafalgar had initially offered to buy out Associated Newspapers, but Associated replied by making a "rather inadequate offer" to buy out Trafalgar. "If they come up with a substantially better one, we will sell." Sir Nigel said.

Trafalgar is proposing a final

we will sell," Sir Nigel said.

Trafalgar is proposing a final dividend of 6.1p (5.3p), making an 11.5p total, up 15 per cent on last year's 10p.

Turnover totalled £1.91bn compared with £1.6—1bn, while earnings per share rose from 30.6p to 34.7p, excluding extraordinary items and a profit sharing scheme.

Trafalgar has four divisions:

Trafalgar has four divisions: property and investment; con-struction and engineering; ship-ping, aviation and hotels; and oil and gas.

The largest trading profit

The largest trading profit improvement was in the property division, with a rise from £29.59m to £56.39m. This activity was helped by a first time contribution from housebuilder, Comben Homes which was acquired during the year, by better margins and a clearing out of stock. Shipping, aviation and hotels produced profits of £31.77m produced profits of £31.77m (£15.76m). During the year the

ing, railway telecommunications equipment and desert irrigation.

The markets were initially impressed by the profit rise and the optimistic tone of the chairman's statement, marking the shares of this USM-quoted group



Sir Nigel Broackes, Trafalgar's chairman . . . does not believe 50/50 ownership is good

group pulled out of fruit carrying, and losses on the sale of six fruit carriers and associated redundancy payments accounted for the bulk of a £10.99m extraordinary charge (£14,000 credit). 50-74/8

Construction and engineering saw a profits decline from £47.87m to £41.36m. Sir Nigel said margins in the UK had been very fine and the offshore oil industry had been a weak mar-ket because of uncertainly over the details of the British Gas privatisation and the trend of all

Trafsigar's own oil and gas production division produced profits of £30.52m (£31.37m). Sir Nigel said Tragalgar had spent some £173m on direct asset investment in the past year, some £75m of it on oil and gas purphers.

good oil opportunities in North America," he said and added "it is a depressed market for others, which makes it an opportunity

Net borrowings at September 30 were £92.Im (£89.8m), equivalent to 18 per cent of shareholders' funds, which stood at £504.5m (£327.5m). for us.

Asked about the group's 5.5 per cent stake in Davy, the engineering group. Sir Nigel said Trafalgar was satisfied with this level of trade investment and with the 50/50 joint venture get un hetween the two comset up between the two com-panies in North Sea engineering. "Our ambitions don't go beyond

comment

Trafalgar House has rather run out of puff. The group is still scoring high points for management and for its orientation away from property but the warket's enthusiasm for Trafalgar's heavy investment in capital intensive energy and contracting has been dulled by the evidence of shrinking order books, thinner margins and declining Forties Field revenue. A 26 per cent rise in pre-tax profits for the year was as much as the equity market had expected but, after allowing for the rights issue proceeds and the exceptional level of property profits, underlying progress looked a little less than heroic. This year will see some benefit from the US energy assets, enough at least to offset any further reduction in Forties production, and the US property developments will also start to contribute. But, even with a Trafalgar's own oil and gas production division produced profits of £30,52m (£31,37m). Sir Nigel said Tragalgar had spent some £173m on direct asset nvestment in the past year, some £75m of it on oil and gas surchases.

"We are seeing some very developments will also start to contribute. But, even with a strong year in cargo shipping, it is hard to see Trafalgar making more than £165m pre-tax which leaves the shares, down ap at 386p yesterday, on a prospective multiple of just over 10. Until the unucertainties over Scott Lithgow and Euroroute are resolved, that looks about right.

GrandMet offshoot sells Acquisitions help Platon tobacco company for £19m to 41% rise

IN A deal worth \$28m (£18.9m)
Liggett & Myers, the US
cigarette group owned by
Grand Metropolitan, has sold its
Brazilian tobacco company to
Dibrell Brothers of Virginia.

A separate agreement will

A separate agreement will

Tabacous

retain the remaining 30 per cent

The Virginia-based company
said it will realise no material
gain or loss as a result of the
sale of the 70 per cent take in
Liggett & Myers do Brasil,
which will be renamed Tabasa THE two electronics acquisitions made last summer by Platon International are performing well, despite the problems in the sector, and a contribution from them is included in the fill per cent profit rise shown at Dibrell Brothers of Virginia.

A separate agreement will eventually lead to the Brazilian unit being majority-owned by a subsidiary of BAT Industries.

Dibrell, itself a tobacco concern, said yesterday that it had agreed to sell a 70 per cent stake in the Brazilian company, Liggett & Myers do Brasil, to Companhia Souza Cruz Industria e Comercio, Brazil's largest tobacco company which is owned by BAT Industries. The second stage of the deal is sub-41 per cent profit rise shown at the halfway stage. In addition, Mr Gilbert Platon, the chairman, says that the enlarged group's potential has been underlined by a major contract for ruggedised computer equipment worth more than fim, and that further con-tracts are under negotiation in the fields of nuclear engineer-

second stage of the deal is subject to the signing of a definifor \$570m five years ago for tive agreement.

statement, marking the shares of this USM-quoted group up 2p. They later fell back to close at 160p, down 3p on the day.

The dividend for the period to September 30 1985 is raised by 0.4p to 1.33p on capital increased in the acquisitions, with earnings per share up at 4.16p (3.14p restated).

The interim taxable forms are up at 4.16p (3.14p restated).

U.S. \$150,000,000 Guaranteed Floating Rate Notes due 1991

Her Majesty the Queen

in right of New Zealand In accordance with the provisions of the Notes, notice is hereby given that for the six months period December 4th, 1985 to June 4th, 1986, the Notes will carry a Rate of Interest of 83% per annum with a coupon amount of U.S. \$423-40.

Agent Bank

CHEMICAL BANK INTERNATIONAL LIMITED



National Westminster **Bank PLC**

NatWest announce that with effect from Monday, 9th December, there will be no charge for the following personal **Current Account services:**

- Cheques
- Direct Debits
- Standing Orders
- Servicetill/Rapid Cash Till Transactions
- Statements

Provided the account stays in credit throughout the charging quarter.

If the account is overdrawn during the quarter, there will be a 25p charge for every Cheque, Direct Debit, Standing Order, Servicetill and Rapid Cash Till Transaction. Plus an account maintenance charge of £3 per quarter, interest on the amount overdrawn, and any arrangement fees that might be

For further details, pick up a leaflet from any NatWest branch. National Westminster Bank PLC, 41 Lothbury, London EC2P 2BP.

International Signal & Control Group PLC INTERIM FIGURES For the six months ended 30th September 1985

(Unaudited)	6 Months to 30th Sept. 1985 \$000s	6 Months to 30th Sept. 1984 \$000s
Turnover ·	193,927	123,569
Operating profit	21,034	14,331
Interest receivable	1,032	890
Interest payable	7,796	1,118
Profit before taxation	14,270	14,103
Taxation	5,351	5,641
Profit attributable to shareholders	8,919	8,462
Interim dividend	1,637	1,364
Retained earnings	7,282	7,098
Earnings per share	\$0.065	\$0.062

The unaudited Group results for the six months ended 30th September 1985 are set out in the accompanying table together with the comparative figures for the corresponding period of the previous year. The half yearresults for the current year reflect the operations of SLEL SpA which was acquired by the Group on 1st March 1985. In the first six months of the current

financial year turnover increased from \$123.6 million to \$193.9 million including \$43.6 million turnover from SLFL Operating profits rose from \$14.3 million to \$21.0 million including a \$3.7 million contribution from SI.EL Exchange losses of \$1.3 million resulting from weakening of the dollar against European currencies have been charged against operating profits. Interest payable has risen substantially principally due to bank debt incurred to acquire SI.EL, and also to finance contract work in progress in the International Division and at SI.EL. As a result pre-tax profits for the half year were \$14.3 million compared with \$14.1 million.

The International Division has achieved a good increase in its profit contribution. New business prospects continue to be encouraging, and as in previous years, the second half will continue to have a significant influence on the Division's performance for the year

ISC Defense Systems has expanded its order book since the beginning of this

financial year, which, although not benefitting this year's results, should contribute to improved performance from this Division in

The performance in all of Marquardt's five main product areas has been most encourage ing. Work has commenced on a new building at Van Nuys to accommodate the production line for the Tactical Munitions Dispenser for the LLS, Government,

Good progress has been made in integrating SLEL into the ISC Group, and several joint marketing and development programmes are under way. It is anticipated that joint efforts between the International Group and SLEL will lead to additional inflows of international orders. At the same time SI.EL. has been successful in obtaining new orders from its existing customers.

Discussions are progressing well on a number of further programmes with both new and existing customers and the Directors view the outcome of the financial year with

considerable confidence. The Directors have declared an interim dividend of \$0.012 per share (net of related tax credit) payable on 13th January 1986 to shareholders on the register at 20th December 1985. This interim dividend of 1.2 cents net per share represents a 20% increase over the 1.0 cent paid in respect of 1984/85.

International Signal & Control Group PLC England: 13 Park Place, St. James's, London SWIA 1LP USA: 3700 Electronics Way, PO Box 3040, Lancaster, Pennsylvania 17604/3040.

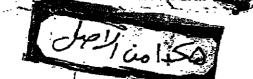
year.

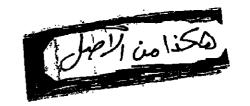
In order to redress the imbalance built up in recent years between dividend payments, the interim is being raised from 1.35p to 1.7p net—last year's final

DIVIDENDS ANNOUNCED Date Corre- Total Total

		OMITCHE		haname	401	TOPL
ı	İ	payment	payment	div.	year	year
l	Atklus Brosint	1.75	Jan 20	1.35		5.35
ļ	Birmingham Mistint	2 -	Jan 13	1.75*	-	5.75*
ı	Brunning Groupint		Jan 7	2.1	-	4.9
ı	CH Industrialsint	0.5	Dec 31	0.45	_	2.11
	Country and Newint		Jan 31	0.5	_	1.5
l	GECint		Mar 29	1.35		4
ľ	Matthew Hallint	1.5†¶	Dec 31	0.68*	-	3.94*
i	International Signal int		Jan 13	1		2.5
ŀ	Leeds Groupint	4	-	3.25	6.25	5
ŀ	Platon#int	1.33†	<u>.</u>	0.93	_	2.8
١,	Ranks Hovis			2.78	5.29	4.36
	Toothillint		_	3	_	7.5
Ľ	***					

* Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. † USM stock. Dividends shown pence per share net except where otherwise stated. § Unquoted stock. § To reduce disparity. || US cents.





Ultramar spends C\$120m acquiring Gulf Canada

oil company, is paying C\$120m (£58m) for the oil refining and marketing assets of Gulf Canada in Queber and the Atlantic pro-vinces. The deal wil be funded from the company's large unused lines of credit.

In August, Ultramar broke off discussions over the deal with Olympia and York Developments, the Canadian company which controls Gulf Canada. The price agreed is believed to be lower than that originally

demanded.

The deal marks the latest of several steps by Ultramar over many years to build a major refining and marketing business in Canada. In 1983 it upgraded the selections with the latest to the selection of the selection the refinery which it built in Quebec in 1971. The Gulf Canada deal is designed mainly

Ultramar, the UK independent to provide outlets for that cashflow over the next three to il company, is paying C\$120m refinery. The assets being four years equivalent to the cost £58m) for the oil refining and acquired include 675 service of the purchase. stations, as well as cash and net current assets of about C\$30m. Ultramar markets at the moment about 25,000 barrels a day of oil products in Quebec, Newfoundland and Ontario, Gulf was selling about 34,000 b/d in Quebec and the Atlantic Provinces. Following this acquisition Ultramar will be Quebec's leading retailer of gasoline.

He conceded that Canadian oil marketing and refining was a mature area, but added: "One can make money in mature businesses if you have a good broad."

Quebec and the Atlantic Provinces. Following this acquisition Ultramar will be Quebec's leading retailer of gasoline.

Ultramar said yesterday that "there would be substantial economies of scale, both at the Quebec refinery and in the supply of petroleum products through the combined network."

Mr David Elton, a director of Ultramar, said that the Gulf Canada assets would generate

Ultramar's share price gained to the Ultramar's share price gained to close at 205p. Ultramar will also be spending

Intl. Signal shows little change

A SUBSTANTIAL increase in interest charges, mainly as the result of an acquisition, has led to a virtually unchanged pre-tax profit at International Signal and Control Group for the six months and Sontomber 20 1985 ended September 29 1985.

The group is engaged world-wide in providing security and defence systems, and electronic aerospace design and production. It reports its figures in US dollars, its principal trading

Sales for the period moved up Sales for the period moved up 57 per cent to \$193.93m, or £131.2m at current rates of exchange, and the operating profit was nearly 47 per cent higher at \$21.03m, or £14.23m, despite an exchange loss of \$1.3m as a result of the weakensi.sm as a result of the weater-ing of the dollar against Euro currencies. The pre-tax balance, however, was almost static at \$14.27m. equal to £9.65m, com-pared with \$14.1m.

pared with \$14.1m.

The half year includes SI.EL which was acquired on March 1 last. It accounted for \$43.6m of turnover and \$3.7m of operating profit. It was the principal reason for an increase from \$1.12m to \$7.8m in interest charges — a bank debt was incurred for the purchase, and also contract work in progress in the international division and at SI.EL had to be financed.

The directors report that the group's international division achieved a good increase in its profit contribution. New business

in integrating SiEL into the group, and several joint marketing and development programmes are under way.

It is anticipated that joint efforts between the international group and SLEL will lead to additional international orders. At the same time SLEL has obtained new orders from existing customers. ing customers.

Discussions are progressing well on a number of further programmes with both new and existing customers, and the directors view the outcome of the year with considerable confidence.

The interim dividend is raised from 1 cent to 1.2 cents per share, from earnings of 6.5 cents (6.2 cents) struck after tax \$5.35m (\$5.64m). For the year ended March 31 1985 the group made a pre-tax profit of \$40m and paid a total dividend of 2.5 cents.

comment

Yesterday's events in the electricals sector would have provided International Signal with a more than adequate smokescreen for its results had it felt the need for one. In fact the company was quite unabashed by this first interruption to its fast profits growth since abshed by this first interruption to its fast profits growth since on the division's, and as in previous years, the second half will have a significant influence on the division's performance for the year.

ISC Defense Systems has expanded its order book since the beginning of the year. This will not benefit this year's results but should contribute to improved performance in future.

Performance in all of profits to about \$50m. With the sugar division's. Total revenues were up from \$372m to \$444m.

Donlee Manufacturing Industries was the main contributor to the increased non-sugar profits, while competitive conditions in the usual interest charges but will wash directors state.

Performance in all of profits to about \$50m. With the

of the year-end exchange rate. At that level the price looks justifiable on short-term prospects, and with compound earnings growth of perhaps 25 per cent in sight for the next three years the shares begin to look inexpensive.

Bahamas stake lifts Moss Bros shares

Shares in Moss Bros, the clothing sale and hire chain, rose 5p to 580p last night after the announcer.ant that Davrow, a Bahams based company conannouncement that Davrow, a Bahams based company con-trolled by Mr David Rowland of Monaco, had acquired a holding of 155,000 shares, or 5.12 per

Mr Rowland was a controversial figure in the early 70s when he made his reputation in the property and shares markets, and later in the decade with a

Canadian subsidiary of Tate & Lyle, reports a 17 per cent increase in taxable income to C345.5m (£19m) against C338.8m for the year to end-September, 1985.

Profit from automotive. industrial and constructions products activities was greater than the sugar division's. Total revenues were up from \$372m to \$444m.

of the ordinary shares in Rocky Mountains Oil and Gas. The offer has now become uncondi-tional and remains open.

Marquardt's five main product shares down 2p to 313p and a areas has been most encouraging, they say. Work has started on a new at about 20 on most forecasts

Public Limited Company

INTERNATIONAL ENGINEERING DESIGNERS AND CONTRACTORS

Interim Report

9 months to

Group results for the nine months to 30 September 1985

·	. 9 11101	TOOL IO		
Turnover	30 Sept 85 £000 294,864	30 Sept 84 £000 271,203	31 Dec 84 £000 382,769	
Profit on trading Oil, gas, chemical and mining Mechanical and electrical	4,281 4,180	3,127 3,859	4,161 5,348	
Interest receivable (net)	8,461 2,909	6,986 3,553	9,509 4,736	
Profit on ordinary activities before taxation Taxation charge for the period	11,370 (5,310)	10,539 (5,401)	14,245 (7,333)	
Profit on ordinary activities after taxation Outside shareholders' interests	6,060 6	5,138 (1)	6,912	
Profit attributable to shareholders	6,054	5,139	6,914	
Ordinary dividends	1,150	461	2,692	
Earnings per share	8.73p	7.52p	10.11p	

Notes

1 The rane months' results for both years are unaudited. The results for the year 1984 shown above are an abridged ven addred accounts of that year which have been delivered to the Registrar of Companies; the Report of the Auditors was unqualified.

Salient Points from the Interim Report to Shareholders

- Pre-tax profit for nine months up 8%. Further growth anticipated with full year profit of £15.75 million - an increase of 10.5%. Interim dividend of 1.5p per share to reduce disparity between
- dividend payments. Oil, gas, chemical and mining activities satisfactory in the UK and
- Holland but disappointing results from the USA. Continued growth in mechanical and electrical sector.
- Acquisition of The IDC Group completed. The combined skills of Matthew Hall and IDC augur well for the future.

Matthew Hall PLC

Matthew Hall House, 7 Baker Street, London W1M 1AB Telephone: 01-935 9384 Telex: 291441

Overall rise lifts RHM to £72m

dential offices by 55 per cent from 27 to 42 and more than doubling its commercial offices from five to 11. The most recent purchases were amounced in the last two days. On Monday it bought the Brighton-based Brian Dodd and Co for £533,000 and yesterday it acquired Wilson & Partners, based in Northampton, for a con-sideration equivalent to about £2.68m.

£2.68m.
The price for Dodd was met by £283,000 cash and the balance in shares. In the year to end of July 1985 the company, which has assets of £133,000, made profits of about £60,000.
The consideration for Wilson. surveyor, valuer, investment and development consultant, with branches throughout the northern home counties and south Mid-

Two further

acquisitions

by Connells

ACQUISITIONS in 1985 have resulted in Luton-based Connells Estate Agents, expanding its resi-

for £3m

branches throughout the northern home counties and south Midlands, will be met initially by £700,000 cash and £61,538 shares. The balance will be piad in shares during 1987 based on the profitability of its commercial operations during 1986.

Wilson's taxable earnings grew from £162,000 in 1981 to £457,000 in 1985 from fee income which rose from £598,000 to £1.89m.

Mr John Simson, Connell's chairman said that the Wilson acquisition gives the group a dominant position in the area of strong economic growth con-

strong economic growth con-tained in the M1 corridor between London and Leicester. Connells came to the market in March 1984 offering a little more than 3m shares at 120p each. In October this year Legal and General Group took an 8 per cent stake in the company.

The shares closed at 172p, up 4p on the day.

checked into the City yesterday to £75.8m.

analysts' forecasts.

With nearly all sectors of the group's business showing substantial trading improvements pre-tax profits for the 12 months ended August 31 surged from a restated £50.7m to a record £10.5m (£9.9m).

Available profits emerged at £34.2m (£24.4m) and extraordinary debits of £10.5m (£9.9m).

Available profits emerged at £34.2m (£24.4m) and emerged at £34.2m (£34.4m) and emerged at £3

The final dividend is being lifted to 3.45p, giving share-holders a 21.4 per cent increase in their total to 5.29p net per

In the UK good profits were recorded by the flour milling, grocery and general product divisions and the packaged cake business turned in good profits—in line with the previous year. recorded by the flour milling, grocery and general product divisions and the packaged cake business turned in good profits —in line with the previous year.

Overseas trading profits increased by 88 per cent, with a noted "very substantial" turnround in the US.

The group manufactures pro-

The group manufactures, processes and markets food under such names as Mothers Pride, Nimble, Hovis, Bisto and Atora. The basis of translating overseas earnings has been changed from year-end to average The past year saw its external exchange rates and comparative sales rise from £1.21bn to £1.31bn results have been restated

The coursent year has got off to a good start and Sir Peter Reynolds, the chairman, expects another satisfactory outturn. He

Available profits emerged at £34.2m (£24.4m) and earnings at 15.7p (£2.2p) per 25p share. Dividends will absorb £15.2m (£12.5m). The return on funds was 17 per cent (13 per cent).

accordingly. The effect of the change increased 1984-85 pre-tax profits by £2.7m and reduced those of the previous year by

lower yesterday at 178p after rising to 184p at one stage.

• comment

These figures were flattered—to the tune of £2.7m — by a transition to average exchange rates for the translation of foreign earnings; even so, this was a good performance with RHM's pre-interest margins up a point and its return RHM's pre-interest margins up a point and its return on its milling and baking assets up to the best practice set by AB Foods. The prospect of RHM baking at a profit continues to recede with price increases on bread vanishing in retailers' discounts; but milling margins have been restored by the October price rise to compensate for this year's quite dismal harvest. The recovery in the US has been substantial. The share price fell 6p to 17Sp on a day when most minds were occupied with other things; but a multiple of 10 times next year's expected of 10 times next year's expected earnings — harvest permitting — recognises RHM's emancipation in the sector. However, this is a long way from a growth rating for a company that continues the cover its area. tinues to cover its small acqui-The group's shares closed 4p sitions out of cash-flow.

Birmingham Mint profits surge

BIRMINGHAM MINT Group

J. R. Gaunt, which makes capacity for the first time in fulfilled expectations of strong badges and buttons for uniforms, many years. Elsewhere the performance has not been so strong: 72 per cent rise in pre-tax profits in the six months to September precious metal contacts for election. The sum of the first time in many years. Elsewhere the performance has not been so strong: 6 Electro-Precision Components in the six months to September precious metal contacts for election. The sum of the first time in many years. Elsewhere the performance has not been so strong: 72 per cent rise in pre-tax profits and Electro-Precision Components precious metal contacts for electro-Precision Language. The sum of the first time in many years. Elsewhere the performance has not been so strong: 72 per cent rise in pre-tax profits and Electro-Precision Components precious metal contacts for electro-Precision Language. The sum of the first time in many years. Elsewhere the performance has not been so strong: 72 per cent rise in pre-tax profits and Electro-Precision Components precious metal contacts for electro-Precision Language. The sum of the first time in many years. Elsewhere the performance has not been so strong: 72 per cent rise in pre-tax profits. The sum of the present profits and the present

Turnover rose nearly 14 per cent from 19.82m to £11.18m. An increased interim dividend of 2p per ordinary share is being paid. compared with 1.75p last year, adjusted for the scrip issue. Earnings per share for the period were 7.2p (5p).

The group says the improvement in markins was particularly evident at Birmingham growth is mai Rosehaugh debenture

Rosehaugh Greycoat Estates is placing £40m nominal of first mortgage debenture stock 2014, payable as to £40 per £100 nominal by November 29 1985, and the balance by February 26 1986.

The group says the improvement in markins was particularly evident at Birmingham Mint's profits growth is mainly attributable to the coin minting operation itself, where an order for 500m coins from the Indian Government in markins was particularly evident at Birmingham Mint's profits growth is mainly attributable to the coin minting operation coins from the Indian Government in markins was particularly evident at Birmingham Mint's profits growth is mainly attributable to the coin minting operation coins from the Indian Government in markins was particularly evident at Birmingham Mint's profits growth is mainly attributable to the coin minting operation coins from the Indian Government in markins was particularly evident at Birmingham Mint's profits growth is mainly attributable to the coin minting operation coins from the Indian Government in markins was particularly evident at Birmingham Mint's profits growth is mainly attributable to the coin minting operation coins from the Indian Government has brought higher margins than were available on the bulk supply of coin planks coins, which falls entirely into the coin minting operation the coin minting growth is mainly attributable to the coin minting operation the coin minting operation the coin minting growth is mainly attributable to the coin minting growth is mainly

comment

and Electro-Precision Commance has not been so strong; ponents, manufacturer of precious metal contacts for electrical switches, also performed J. R. Gaunt is up only marginally and the pressings division hardly made profits at all. The second half will see the Indian continue to be encouraging and the directors expect to report further progress at the year end.

Command Lectro-Precision Components for Electro-Precision Components has made some progress, but J. R. Gaunt is up only marginally and the pressings division hardly made profits at all. The second half will see the Indian contract in for a full six months instead of three, putting profits of £1.5m within easy reach for further progress at the year end. seems to hang on whether India renews its contract for a second year and on the likelihood of improving the performance of the smaller off-shoots. With the shares up 5p at 125p, the prospective p/e ratio is 9 after a 42 per cent tax charge, a rating probably sustained more by speculation over what is going to happen to Gomba Holding's 9 per cent stake than by faith in the underlying performance.

Sir Peter Revnolds, chairman of Ranks Hovis McDougail

> Toothill looks for slight rise in current year

R. W Toothill, a furniture maker based in Co Durham, expects that results for the 1985-86 year will be a little better than the depressed £305,000 reported last year.

This was announced along with reported last year.

This was announced along with
the half-year outcome to endSeptember, which show a slight
increase in taxable profits at
£121,000 (£112,000), on turnover,
excluding VAT, of £2.03m
(£198m).

It is encouraged by the initial progress of this product and believes that it will ultimately make a worthwhile contribution to earnings. The interim dividend is increased from 3p to 3.3p, with earnings per share up from 8.43p to 10.86p after a tax charge of £45,000 (£53,000).

Ranks Hovis McDougall profits up by 41% to £71.5 million

*Profits again a record *Earnings and dividend up

Profits increased by £20.8 million

The Group's profit before taxation for the financial year to 31 August 1985 increased by £20.8m to a record level of £71.5m; a rise of 41 per cent. External sales increased from £1,213m to £1,314m.

The increase over the profits achieved in 1983/4 further reflected the substantial trading improvements made in nearly all sectors of the Group's business. In the United Kingdom good profits were recorded by our flour milling, grocery and general products divisions and our packaged cake business reported good profits in line with the previous year. British Bakeries are benefiting from the rationalisation and heavy investment programme embarked upon some four

Overseas trading profits increased by

88 per cent and it was encouraging to note the very substantial turnaround in the United States. Despite difficult trading conditions in the Pacific region, an increase in profits was once more achieved.

Final Dividend Increased

The directors recommend a final dividend of 3.45 pence per ordinary share, an increase of 25 per cent over last year's final dividend. With the interim dividend already paid, dividends total 5.29 pence per share, making an increase of 21.4 per cent in the total dividends for the

Outlook Chairman, Sir Peter Reynolds, said:-

"This year's bad wheat harvest makes it difficult to forecast the outcome for the current year although some price increases have already been made. Otherwise we have made a

good start and I expect to be reporting another



.1985 Results in brief 1984 £1,314m £1,213m Profit before taxation £71.5m £50.7m £491m £474m Return on funds employed 17.0% 13.0% Net tangible assets per 92.5p Earnings per Ordinary share 15.7p 12.2p Dividends per Ordinary share 4.356p The basis of translating profit and loss account in oversees current we has been changed for 1984. It from year-end to avorage exchange rates. Comparative figures have been restaint ato inclinely.

RANKS HOVIS McDOUGALL PLC

The 1985 Annual Report will be available from 27 December. If you wish to have a copy please write to: The Secretary. Ranks Hovis McDougall PLC, P.O. Box 178, Alma Road, Windsor, Berks SL4 3ST

London & Commental Banker's London (Federated in England So 1942(So) from hered Ciffice 2 Throads

To all chareholders of Pyke Holdings pie ("Pyko")

Tender Offer for Pyke Shared

On behalf of Clen International PUT ("Clen"), we hereby offer to acquire by leader, on the terms and purper to the conditions are real below, such number of fully part states of the cach of Puter. Figure that which together with Gloth existing helding of 50,300 Puter that of the part would represent up to a maximum of 35 per cent of the state capital of Puter in scale and fully part at 330 pm on 18th December, 1985, the cleany date of this Tender Offer Arccodingly if there are no better cause of Puter States prior to the cleaning date, the analysis makes of Puter "States to be acquired by Ofen under the Tender Offer (the "stated maximum") will represent 16 8 per cent, of the issued share capital of Pyte.

The tender consistentian shall be 440p in cash for each Pylor Share lendered and accepted, in certain circumstances of in eceptors may also at a later date become cutilized to a ropup playment or discrebed below.

2. Unless traders in respect of at least an engregate of 433,300 Pyke Shares (approximately 94 per cent of the present extend there expirit) are received, the Tender Offer thall be road.

3 Subject to the previous of paragraph 2 above, all tenders will be irrevocable.

2 Thromierton Avenue. London ECCI SAP

UK COMPANY NEWS

Brunning recovers from setback

BRUNNING GROUP has recovered from the setback suffered in the second half of 1984-85 when profits were only £19,000. In the first half of the present financial year they have increased by 12 per cent from £358,000 to £402,000 on turnover ahead 13 per cent from £29.43m to £33.33m.
This was in spite of the

group's continued difficulty to let Brunolog House in east London which it vacated in June 1984. One floor has, however, been let to Prudential Assurance and Brunning says other en-quiries are being pursued.

The interim dividend for the six months to September 30 1985 is being held at 2.1p. Earnings is Deling nett at A.P. Learnings per share were 7.9p, compared with 6.4p previously. In a move aimed at improving the trading position of its acti-vities in the north-west, the

vitles in the north-west the group has decided to merge its Liverpool and Manchester operations into a single agency, operating from new premises in Munchester. These will be fully operation from January and will, says Brunning, be one of the largest agencies in the region. Brunning says it is continuing to gain new business for both its agencies and marketing com-

Leeds Group up by 41%

Leeds Group maintained the progress made in the first balf to achieve pre-tax profits up 41 per cent from £1.42m to £2.01m for the year-ended September 30 1985. Turnover rose 37 per cept from £10.53m to £14.46m. The textile dyer, oil prospec-

The textile dyer, oil prospector and leasing group says all divisions contributed to the profit, but the three branches of Leeds Dyers produced outstanding results. Shareholders will receive an increased final dividend of 4p (3.25p), making 6.25p (5p) for the year. However, the group warns that However, the group warns that although its present financial year has started well, the strength of sterling may hamper the export success of the York-shire wool textile industry gener-

Earnings per share in the period under review rose 31 per cent from 14p to 18.4p.

Jack Israel surges 55%

With first half profits ahead by 55 per cent the Jack L. Israel Group is set to comfortably achieve £1.3m for the full year, the figure forecast last August at the time of its entry to the USM.

The group imports and distri-butes canned fruit and vegetables and includes among its customers the Co-op. J. Sainsbury, Safeway Food Stores, Gateway Food-markets, H. J. Heinz and Crosse

pushed ahead from £14.48m to £15.75m and profits from a r/lated £342.000 to £530,000 pretax.
Turnover for October was in

excess of budget and the volume of negotiated contracts is such that the directors are of the opinion that the full year profit forecast will be comfortably met. Half year tax accounted for £214,000 (£152,000) and minorities for £2,000 (£1,000) Earnings emerged at 0.47p, compared with a previous 0.28p.

The directors' intention is to recommend a final dividend of 0.50 pet

0.5p net. The group's flotation was achieved through a reversal into Gibson Estates, a former tea company which had not traded since its assets were nationalised by the Sri Lankan government in 1975.

Charlie Brown's Car Part Centres' shareholders were told at the annual meeting that after four months of the current year, sales had continued at a very satisfactory level, showing a 40 per cent improvement on the same period last year. The programme of opening new branches has continued. Already this year new branches had opened at Cheadle and Oldham, and during this month the company would open retail outlets at Sale and Northallerton. These would be followed early in 1986 by branches at Dewsbury, Stockton, Newcastle, Gateshead and Huil. Newcastle, Gateshead and Hull

BOARD MEETINGS

TODAY

Interime: Allied Colloids, Cape Industries, Coalits, Godfrey Davis, Equity Consort Investment Trust. Feedback, Gee-Rosen, Geavor Tin Mines, Illingworth Morns, Leopold Joseph, Lister, Mountview Estates, PWS International, Pegler-Hattersley, Robertson Research, Christian Salvesen, TR North America Investment Trust. Finals: Avon Rubber, BOC. Grainger Trust. Hardanger Properties, Holmes and Marchant, Sattchi & Saatchi,

FUTURE DATES	
Interime: Anderson Strathclyde	Dec 11 Dec 10 Dec 19 Dec 17 Dec 8 Dec 6
Mank (A.) Old Court Currency Fund Finals:	Dec 13
Eurotherm International	Jan 16 Dec 12 Dec 10 Dec 5
Nash Industries Nattingham Brick Piccadilly Radio Scottish American Investment Vaux	Dec 16 Dec 10 Dec 13 Feb 12 Dec 10

LADBROKE INDEX 1,127-1,131 (+6) Based on FT Index Tel: 01-427 4411

Matthew Hall tops £11m despite problems in US

Matthew Hall, engineering designer and contractor, has announced pre-tax profits of loads are healthy and present indications are that pre-tax profits for the nine months to end-September 1985, against fill-54m, an improvement of nearly 8 per cent.

The directors has that while the general oil gas and the shortfall against expectations. announced pre-tax pronts or fill.37m for the film months to end-september 1985, against \$10.54m, an improvement of nearly 8 per cent.

The directors say that while activity in the US increased, very tight margins, a problem contract, and continued depressed demand for mining services again caused disappointing results there.

In addition, although trading profits improved from £1.99m to £8.46m, the pre-tax result was struck after lower interest received of £2.91m against 32.55m. This reflected a reduction in liquid funds due to increased working capital requirements.

Te reduce disparity the interim dividend is being lifted to 1.5p (0.675p adjusted) was paid for 3.9375p (adjusted) was paid for 1.994 on profits of £14.25m.

The directors say that while approach £15.75m.

During the period under review the group's oil, gas and the light of the mining state their targets.

From a total turnover of £1.2m trading profits of the oil, gas, chemical and mining side improved by willing to put money up ahead of work being completed and this is a trend likely to continue. In the mechanical and electrical sidg rose by 8 per cent from £1.9m IDC acquisition. But the North Sea work in capital requirements.

Comment

Only good lick spared Matthew while from an even greater that has gone bad. The market's disappointment with these results as horted under the full year should approach £15.75m.

The directors say that while interiors are the full year should approach £15.75m.

During the period under the full year should approach £15.75m.

The directors say that while interiors in the UK drop in interest carned due to the higher working capital requirements of the light working completed and this is a trend likely to continue. In the mechanical and electrical sidg rose by 8 per cent from £1.25m the margins, a problem companies in the UK drop in interest carned due to the higher working completed and this is a trend likely to continue. In the mechanical and the light working completed and this is a trend likely to continue. In the

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Merivale placing to cut gearing

today for a placing of shares ir Merivale Moore, a property com pany which is being floated on the stock market with a value of £13.7m.

Hill Samuel is placing 2.5m shares at 115p each, representing 21 per cent of the enlarged share capital. About 2m shares are being sold by existing share-holders, including 600,000 by Hill Samuel, while the remaining 500,000 shares will raise £100,000 for the company after expenses. This money will be used to reduce borrowings, which on June 30 1985 amounted to 33 percent of net assets cent of net assets.

The company's £25m property portfolio is divided into three segments: residential developments (£6.8m), commercial investment (£9.2m) and residential investment (£9.9m).

sists mainly in converting luxury flats in Kensington and Chelsea, where present projects include a 56m development of Radcliffe Mews SW10. The development work is carried out under the name of CPK, and refurbished flats typically cost between £90,000 and £170,000.

The group's commercial investment policy is to buy for redevelopment shops and office buildings situated mainly in London and in Norwich. The commercial investment portfolio was greatly increased by the £1.6m acquisition last month of Wonham Properties, which owns two long leasehold office blocks in W1.

Residential properties held for earning investment are mainly tenanted gross purpose built blocks in London, the ne and Norwich. The company is share.

THE PROSPECTUS is published; Residential development concurrently negotiating the sale of today for a placing of shares ir sists mainly in converting luxury 50 houses in Suffolk, valued at

Merivale Moore was founded in 1961 by the present chairman, the Grenville Dean. During the last five years, turnover, net rental income and pre-tax profit have risen steadily to reach, respectively, £7.9m, £609,000 and £1.4m in the year to June 1985. The company estimates that over the past three years, on average, 60 per cent of gross profits before rental income came from residential developments and about 40 per cent from sales of about 40 per cent from sales of residential investments. Profits for the current financial

Profits for the current mancian year are forecast to be not less than £1.8m, on which basis the shares are on a prospective price earnings multiple of 11.4. The gross yield is 3.1 per cent, and the net asset value is 143p a

Paris office sale boosts **Country and New Town** THE SALE of the Colgate/Palm- is confident that following a re-

valuation of the property port-folio the results will be satisolive Building in Paris helped increase taxable earnings for Country and New Town Properfactory. ties by more than three times in the six months to July 31 1985.

Gross rental income fell by 5 Gross rental income fell by b per cent from £5.98m to £5.67m because of the strength of ster-ling. Country and New Town gets more than 80 per cent of rental income from overseas. However pre-tax profit was f4.93m, against a comparable £1.54m.

48.7p to 52.6p.

Mr Gerald Newton chairman, says it has been decided not to reopen the Civil Service Store, Strand, London, which was closed following a fire in July 1982. It is intended to let the 37,000 sq ft retail space on the redeveloped site. He adds that the 46,000 sq ft of office space in the development

has been let at initial rent of about film per year.

Arenson looks for improvement

Arenson Group's shareholders were told yesterday by a con-fident Mr Archy Arenson, the chairman, that the outcome for the current year should be good and improve over last year.
"Overall market conditions appear to remain favourable," and investment made over re-cent years "is now paying of," he said.

Arenson, based in St Albans, Hertfordshire, manufactures office equipment and furniture. Yesterday's annual meeting was also told that Arenson should be able to maintain the and includes among its customers the Co-op. J. Sainsbury, Safeway Food Stores, Gateway Food markets, H. J. Heinz and Crosse & Blackwell.

For the opening six months (to September 30 1985) turnover pushed ahead from £14.48m to momentum set in the previous year, which saw pre-tax profits climb from £360,000 to £569,000.

"The improvement in the Tax was £1.92m (£681,000) ment with the John E. Wiltshier Group include a 220,000 sq ft shopping centre.

£2.17m (£253,000) leaving attributable profits at £342,000
against £601,000. Dividends absorbed £374,000 (£228,000).
For the full year the board

ment with the John E. Wiltshier with lower gearing and higher stock turn ratios, remain a high priority with the board, and I am most hopeful that further useful improvements in these matters should be achieved by the end of the current year," said Mr Arenson.

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The Group has maintained a good record for the year to 31st August 1985 with sales rising by 50 ner cent to £205.5m and pre-tax profits by 21 per cent to £61.1m.

Earnings per ordinary share rose from

EXTRACT FROM THE CHAIRMAN'S STATEMENT The Electronics Division made considerable progress in the year towards establishing itself amongst the first rank of CTV, VCR and audio equipment producers in Turkey. Sales for the Division in the year totalled £28.1m and it made a

PRELIMINARY RESULTS for the financial year to 31st August 1985

1985 1984 Increase Turnover £205.5m £137.2m Profit before taxation £61.1m &50.5m 21% Profit after taxation £50.5m 443.8m 15% Earnings per share – basic 52.6p 48.7p Total net dividend per share 5.25p 3.50p 50%

The Board has decided to recommend a final net dividend of 3.75p per 10p share, payable on 4th April 1986 to shareholders on the register at 7th March 1986. Including the interim dividend of 1.5p per share, this represents an increase in the total dividend for the year of 50 per cent. The main Agriculture, Food and

Related Industries Division achieved record sales and produced an excellent overall performance contributing £53m to pre-tax profits on turnover of £143.5m. The Division continued to expand its markets, with Western Europe and the Comecon markets becoming increasingly significant, although the Middle and Near East remained very good markets.

Production performance at the Unipac plants has again achieved record levels and new machinery is being installed to ensure continued peak production performance.

The Niksar Mineral Water bottling plant operated successfully during the year and for the eleven month period prior to full consolidation made a contribution of £1.9m to the share of results of related companies.

contribution to pre-tax profits of £1.9m. The Textile Division, which has been enlarged by virtue of the acquisition of Inter-City Investment Group plc, had a rather disappointing year Sales were improved but profits fell overall. The Division's turnover (excluding the Hong Kong associated company) amounted to \$55.9m and it contributed pre-tax profits of £3.8m. The Group's markets expanded

internationally while its presence within Turkey was significantly strengthened. Small but important footbolds were acquired in the Far East and the U.S. Progress was also achieved against a background of extreme currency market volatility. The Board regards the overall siles and profit growth as satisfactory and as providing a sound base for future operations. The past year was one of considerable

development in all divisions. Trade for the opening months of the current year is up on that for the corresponding period in 1984. and the Board looks forward to a satisfactory year while continuing to consolidate the development of existing operations within its available resources.

POLLY PECK INTERNATIONAL PLC 81-91 Commercial Road, London El 1RD Telephone: 01-377 9000

If one or all of your share certificate(s) has/have been lost;-

(b) incorrect address on this Form;

Further copies of this Form are available from-

London & Continental

Complete and lodge this Form with a letter of explanation and any cartificates available with Nanoval Westmuster Bank P.C. New issues Department at the address given below. At the came time you should write to the Registrars of Price at Barclery Bank P.C. Rediracle Hall. Knusford, Chestine WAN 9 801 for a letter of undermity which should be completed in accordance with the instructions queer. When completed the letter of indemnity must be lodged with National Westmuster Bank P.C. New Issues Department at the address given below by 3.30 p.m. on Wednesday, 18th December 1983.

complete and lodge this Form with the correct name and accompanied by a leiter row your bank, stockholer or subcoor confirming that the person described on se certificate and the person who has signed this Form are one and the same;

(c) change of name lodge your marriage cornlicate or the deed poll with this Form for noting.

Laurence, Prust & Co.
Basidon House,
7-11 Moorgate,
London ECGR GAH
01-606 8811

Description of the Company of

3. Subject to the programs of partyraph 2 above, all lendors will be irrevocable.
4. The Tondort Offer will choo at 3 to put on 19th December, 1986.
5. Price Chares will be accounted by Clem free from all lient, charges and encumbrance, a that with all right new or betrainer anothers incerto including the right to receive all directeds and other destributions declared, made or paid after the data between save that Pythe chare-holders that be entitled to receive and retain the proposed further directed of 35 pricety per Pythe Share for the period ended 30th September, 1985 amounted on 20th October, 1955 in respect of Pythe Share both share sold under the Tendort Offer.
6. Often aboutly holds 33 por cent of Pythol, share capital in some at the cleaned share capital in some at the cleaned obset if it are expected the stated maximum number of shares now board officient for it has number of Pythol shares tendered exceeds the stated maximum, the tenders will be scaled down pro rate. The top-up payment will be made within 10 days of the date that cash consideration is received by Giest in respect of its holding of Pyke Sagres if either of the conditions (a) or (c) above is fulfilled in all respects or, in the event that condition (b) its fulfilled in a prespects, at the same time that cash consideration is payable by Gien in respect of other Pyke States and shall in any such case be 80 per coin of the extress til any; of the cash price or cash alternative in such offer over the basic cash price under the Tender Offer. price or cash alternative in such offer over the basic cash price under the Tender Offer.

In the event that condition (cf) above is shiftled, the top-up payment will be made within 10 days of the date libr Ofen receives the disposal proceeds of more than ball of the Tender Shares from the disposal of any of its ensuing bothing of Pyto Shares). The payment will be 90 per cent of the excess ((f any) of the average sale price (net of commissions, stamp dury and expenses) to relation to such daposal over the basic cash price perallel under the Tender Offer and will be made to each successful tenderor in proportion to the number of Shares job by time prisuant to the Tender Offer. Top-up payments in relation to subsequent disposals jup to the balance of the total number of Tender Shares) will be made on a annuals beaus whenever further disposals of more than 100,000 Fying Shares are made within the six month point referred to above. 7 All tenders must be made on the Form of Tender, duty completed in accordance with the instructions the tente, which constitutes part of the terms of the Tender Offer. Copers of this Tender Offer and Form of Tender upon the terms of which alone tenders will be accepted from been despatched by post to shareholders of Pyles as registered at 25th November, 1985 and may be obtained on request from.— Leurence Print & Co.
Razidot Rouse,
7-11 Motigare,
101-806 8811

Razidot Rouse,
7-11 Motigare,
101-808 8811

Razidot Rouse,
10-808 8811

Razidot Rouse,
10-808 8811

Razidot Rouse,
10-808 8811

Razidot Rouse,
10-808 881 If up to the date of salisfaction of any of the conditions (a), (b), (c) or (d) above Pylve makes any usus by means of rights or capitalisation, or coreofidates, subdivides or reducer its share capital, been the amount of the top-up payment will be adjusted in such manner as the auditors of Cien may determine to be fair and reaconable, which determination shall be final and conclusive. In making such determination the auditors shall set as expertant on the auditors shall set; as expertant on the subdivides of the conclusive. Forms of Tender duly completed should be returned together with the relevant share certificates, and/or other documents of tile to National Westmigner Bank PLC, New Laws Department at the address given above as soon as possible but in any event so as to arrive hot later than 3.30 pm on 18th Lecomber, 1985. The result of the Tender Offer and, if applicable, the basis of scaling down tenders, will be announced by 9.30 a.m. on 19th December, 1985, the day following the closing due. For the purpose of the top-up payments section, (a) the publication of a scheme of arrangement under the Companies Act 1985 in consequence of which any person will bold all or any part of the usued state capital of Pyke shall be deemed to be the making of a goneral other; and this on acquisition of a committing interest shall be deemed to occur if the right to cast more than 50 per cent of the voice which may ordinarily be cast on a politic agent an investigate of Pyke becomes visited in the offeror and/or any subsidiary of the afferor and/or any subsidiary of the afferor and/or any person sching in concert with the offeror. Cheques will be despatched not later than 10 business days following the closing to Pyke shareholders whose tendors, valid and complete in all respects, are received for the Tendor Offer closes in respect of the number of Pyke Shares tendered and, if brable, after taking account of any scaling down. Chequer will be despatched to Pyte chareholders cutified thereto as described in the acction. Top-up Payments' below. Touris Squality
For and on behalf of
LONDON & CONTINENTAL BANKERS LIMITED
M. I. Gibbs
Authorised Signalory All documents and remainances sont by or to Pyles shareholders will be sont at their risk II an usualisated number of Pyles Shares to tempored in respect of the Tender Office, as set out in conduct at 2 above, Forms of Tender, confucies and/or other documents of title will be returned by post within 10 beamers days following the closing date. In the count of scaling down, balance confuciates, where applicable, will be despatched as soon as preceduable Pencing the same of balance certificates transfers may be certified against the register. O G Barstow Authorised Signatory Number of Shares Halledown Haldungs ple ("Hubdown") has announced that it intends to molec an offer set to certain conditions) for Pyles's chare capital (issued and to be issued; not already owned by it.

Clen to making this Tender Offer because it believes that the followin offer interval multi-variable makes its effer paracially impaired the absence of a cash alternative from this down makes its effer paracially impaired to.

Clen which be even all to be Pyles, in whose management it has every confidence, continue as an independent company and accordingly does not intend to accept Hillsdown's offer. Hills from his announced that it intends to post its formal offer document as soon as Pvis. a 198* Account, are available, which is especied to be not later than 10th December 17e5. On this bests chareholders will have an opportunity of concidering this Tander Offer as commencion with that document. The following table sets out the middle marker quotations for Pyles Shares based on The Stock Exchange Daily Official List, at the close of business on the first dealing date of each month from March 1985 to December 1985, and on 21st October 1985, and on 2nd December, 1985, the last dealing dates prior to the amouncement of the Hillsdown Your attention is drawn to the top-up provisions set out below and to the Appendix which contains details of Pyko Shares purchased by Glen and of the share pures of Pyko ores the last 9 months. in dispose of its own existing shareholding in Pyko or any Pyko Shares acquired under the Tender Office: or
 to make any general offer to occurre the share capital of Pyke. nuires, expressions defined in the Tender Offer docum Continental Bankers Limited bear the same meanings in this Form. Form of Tender for the sale of shares of 10p each PYKE HOLDINGS PLC action to be taken If you wish to tender all or any of your Pyke Shares, you should complete and sign where indicated below. The number of Pyke Shares which you wish to tender should be inserted in the box marked and then Send the Form together with your share certificate(s) and/or other document(s) of title for the total number of shares tendered to National Westminster Bank PLC, New Issues Department, P.O. Box No. 79, 2 Princes Street, London EC2P 2BD as soon as possible but in any event so as to arrive not later than 3.30 p.m. on Wednesday, 18th December 1985. If you have lost one or all of your share certificates you should follow the procedure in note E below. Your attention is also drawn to the additional notes below. To London & Continental Bankers Limited ("LCB") and Glen International PLC ("Glen"). NOTES REGARDING THE COMPLETION AND LODGING OF THIS PORM To London & Commental Bankers limited ("LCS") and Glen businational PLC ("Glen"), 111 L. We, hir under remed have received the Tender Offer document dated 4th December, 126 (the "Tender Cubit document") from LCB offering on behalf of Clen to acquire by way of tender such number of Priva States as when aggregated with Clen's extraint plotting and representation to the Comment of the States and the part of the state capital of Pytke in some and fully part of 3 st pm on 18th December, 1262. [We bereby utoroccuby tender to LCB on the conditions of the Conditions of the Tender Offer document [Clen's Comment of the Conditions of the Tender Offer document [Clen's Comment of the Tender of the Priva States and the provisions of the Tender Offer document) for settlement in cash. If you teave this but blank you will be documed to have reduced all your registered holding of Pytke Christa out such mailter number as may recall from casing down the whole of your registered holding in accordance with the Tender Offer document. The following notes should be read carefully as in order to be valid the Form of Tender multi-be correctly complehed in all respects and received by National Westminstor Bank PLC. New issues Department by 3.30 p.m. on Wednesday, 18th December, 1985 togethor with the relevant name certificate(s) and/or other documents) of title and, where appropriate, death corplicate, probate, follows of administration, marriage certificate In order to be valid this Form must, except as meahoned below, be signed personally the regulated holders, in the case of a cont holding, by Alii the requisioned holders, body corporate must execute this Form under seal, the seal heing affixed and wimessed accordance with its Arabeles of Association or other regulations. The following suggestions are made to avoid delay end inconvenience:-(7) I/Ve enclose the chare conflicate(s) and/or documents of title in respect of the Pylor 17) [We enclose the there excilinate(s) and/or documents or use in respect or no rysushaust tendered between the first becoming unconditional in all respects, my/our execution of riss Ferm faill continues my/our streams the acceptance of the offer on behalf of Gen contained in and on the terms and subject to the condition in the Tender Offer document in respect of the number of Fy) of shares set out of document to be set out above (or such smaller number at may result from scaling down to accordance with the provisions of the Tender Offer document) and my/our provides appointment (by way of security for my/our contractual obligation; between the any Director of GCB at my/our abromey to complete and execute on my/our behalf and in my/our pame an instrument of transfer in temper of Gen of the Pyter Shares in respect of which tywe have accepted or shall be deemed to have accepted or shall be deemed to have accepted the Tender Offer and on my/our behalf to execute any further documents and to do any other sets as may be necessary or expectant to give effect to such transfer. If a bolder is away from home (e.g. abroad or on holiday):-Send this form by the quickest means (e.g. akr mall) to the holder for execution No other agratures will be accepted. If you have sold your holding in Pyker-You should immediately hand this Form to the purchaser or to the stockbroker, bank or other agent through whom the sale was effected for transmission to the documents and to do any other acts as may be necessary or expecient to give exact to such transfer

(4) Subject to the Tender Offen becoming unconditional mail respects, my/our execution of this Form chalf constructed in unevocable appointment (by way of secturity for my/our contractual obligations between the number of Pyle Shares which I/we have tendered by the proxy in respect of such number of Pyle Shares which I/we have tendered by the angle of and to you of the subject of such that the appoint any person normanised by General meaning of the first and make the subject of the Pyle Shares in the proxy in respect of such Pyle Shares.

(5) In the event of the Tender Offer not becoming unconditional in all respects. I/we enther the currently of the proxy to return that Form and the relevant share contribution(s) and/or other documents) of rule of any by ordinary peet at my/our task to the parson or separative contribution and additional state of the parson or separative contribution and additional state of the parson or separative contribution of the contribution of the parson or separative contribution and additional state contributions. If probate or letters of administration have been registered with Pyko, this Form must be signed by the personal representative(s) of the deceased. If probate or letters of administration have been granted but have not been populated with Pyke. We personal representatives;) should sign this Form and forward it to National Westmunster Bank PiC, New Instea Department at the address below with the certificatio(s) and with a copy of the probate or letters of administration as some at prescribed. If one or more of the joint holders has died:-This Form is valid if signed by all the surviving holders and lodged with National Westminster Bank PLC. New lastes Department, at the address given below, accompanied by the death certificate, probate or letters of administration of the department holder.

(3) Thud Holder (if any).

(4) Fourth Holder of anyk

Address

In the case of must holders Ald, must sign. A corporation must also execute under seat.

If this space below is left blank the consideration will be sent to the first named address

Please unsert below in BLOCK CAPITALs the name and address of the person or agent to whom you such any cheque and/or any documents of title to be sent.

បាននៅ signalure (៤.5)

on full) Addrés: (in full)

(2) Second Holder (if any)

THIS ANNOUNCEMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. If you are in any doubt about this Tender

Tender Offer

London & Continental Bankers Limited

GLEN INTERNATIONAL PLC

to acquire shares representing, together with the shares it already owns, up to 28.5% of the share capital of

Pyke Holdings plc

Potential top-up payment

This Tender Offer closes at 3.30 p.m. on Wednesday, 18th December, 1985

Further copies of this Tonder Offer and Form of Tender (upon the terms of which alone tenders will be accepted) may be obtained on request from London & Commental Bankers Limited, Leurence, Prust & Co, and National Westminster Bank PLC at the addresses set out below.

Clon would however reconsider its position in the event of any material change of circumstances, for example, if the Board of Pyter were to propose a material change of transaction, or if Pyter were to lose its luthing, or if hillsdown were to revise its offer either in form or in amount, or if a litted party announces its intentions to make any tender or general offer for the Pyter Shares or if Hillsdown does not proceed with its offer or its offer lapses. Gless would not in any event make an offer for Pyter which did not menute a full cash alternative.

(a) if Hillschmin revises its general offer to acquire the share capital of Pyres include a full cash alternative and such revised offer is accepted by Gien i respect of any of its hotting as enlarged by the acquisition of Pyres Share pursuent to the Tender Offer and such offer becomes or is declared wholl unconditional so that Hillschwin acquires a controlling interest in Pyres.

or if Clen makes a general offer to acquire the whole of the share capital in Pyke it does not already own and such general offer becomes or is declared wholly unconduboral so that Glen acquires a controlling interest in Pyke;

or

(c) If a third party makes a general offer to acquire the whole of the bassed share capital of Pylos in cach or including a full cash alternative, and such offer is accepted by Glen in respect of any of its holding as emlarged by the acquisition of Pyles Shares pursuant by the Tender Offer and becomes or is declared wholly unconditional so that such third party acquires a controlling interest in Pyle.



FT COMMERCIAL LAW REPORTS

Redundant driver disqualified for benefit

CARTLIDGE v CHIEF ADJUDICATION OFFICER ADJUDICATION OFFICER
Court of Appeal (Lord Justice Cliver, Lord Justice Ralph Gibson and Lord Justice Anthony Lincoln): November 28 1985

A PERSON who may benefit retrospectively from settle
Withdrew their labour and there who, having lost employment for a period by reason of stoppage, resumed it until his employment was terminated for reasons three weeks, from March 23 to was terminated for reasons three weeks, from March 23 to was terminated for reasons three weeks, from March 23 to was terminated for reasons in holding that the trade dispute was concerned with wages; and reason of redundancy on June 2.

Withdrew their labour and there who, having lost employment for a period by reason of stoppage, (iti) that the tribunal was wrong in holding that the trade dispute was concerned with wages; and reason of redundancy on June 2.

retrospectively from settle-ment of a trade dispute is "directly interested" in the dispute though he does not participate, and is therefore disqualified from receiving employment benefit if, during

a work stoppage, pickets prevent him from getting to work; and the disqualification does not expire upon his returning to work before the stoppage is over or upon his subsequent dismissal for redundancy, but survives for as long as the stoppage continues.

The Court of Appeal so held when dismissing an appeal by Mr Lesde Cartlidge from a decision by a tribunal of Social Security Commissioners that he was disqualified from receiving unemployment benefit from March 23 1984 to November 20 1984.

He appealed unsuccessfully to the Social Security Appeal Tribunal which found that the disqualification ended on August 20 1984 when there was a suffici-ent resumption of work. The adjudication officer appealed to the Tribunal of Commissioners against the conclusion that the stoppage had ended as early as August 20.

The tribunal found that Mr Cartidige was disqualified from

The tribunal found that Mr Cartlidge was disqualified from receiving benefit up until November 20 1984, on the ground that he had "lost his omployment. by reason of a stoppage of work. "under section 19 of the Social Security Act 1975. There remained the first and second grounds. The first contended that disqualification should not apply where employment was terminated through

LORD JUSTICE RALPH
GIBSON said that Mr Cartildge
was a member of the National
Union of Mineworkers and had
for many years worked as a
driver at Florence Colliery in
Longton.
In mid-1983 he applied to the
National Coal Board for voluntary redundancy.
On March 8 1984 the NUM
approved strike action. On March
10 Mr Cartlidge was given 12
weeks' notice on the ground of

"directly interested."

The fact that the immediate and effective cause of his loss of employment was redundancy was regarded as irrelevant. The section imposed disqualification in proposed disqualification in proposed in proposed was still continuing, though it had not stopped him from working.

On the present appeal from the tribunal, Mr Drabble, for Mr Cartlidge, contended that (f) disqualification should not apply

redundancy. On March 23 the when employment was termiemployees at Florence Colliery nated by redundancy; (ii) it
withdrew their labour and there was a stoppage of work from that who, having lost employment for a period by reason of stoppage, in point was that of Mr Commis-On the remaining ground of appeal the only known decision in point was that of Mr Commis-

sioner Monroe in CU/9/1985. The Commissioner found that the stoppage had come to an end before the claimant's employment was terminated for redun-dancy, and on that ground alone

He was unable to find other work and claimed unemployment benefit on June 5. On July 20 the Adjudication Officer decided he was disqualified from receiving unemployment benefit from March 23, for as long as the stoppage should continue.

He appealed unsuccessfully to the Social Security Appeal

tions of fact.

A claimant lost employment by reason of a stoppage was the effective cause of his not working. If enough people stayed away for a stoppage to result, then all those who lost employment by the event, whether by choice or by the actions of others, lost employment by reason of the stoppage of work.

The tribunal in the present case decisied to follow him. It said: "Once section 19(1) applies it continues to apply throughout the stoppage . Individual out of section 19(1) according to whether they work on some days and not on others."

Mr Drabble submitted that Mr Commissioner Monroe's decision was right.

The third ground of appeal also failed. The evidence showed that the dispute was concerned with pit closures and with pay. Mr Laws, for the DHSS, said that to accede to Mr Drabble's argument was to ignore the fact that the section expressly stated when the disqualification was not to continue for so long as the stoppage continued—namely when the person became bona fide employed elsewhere. He contended that the argument required the court to read section 19 as if other excepting cases were added to it, such as redundance or the regarding of or the regaining of

redundancy.

Mr Drabble acknowledged that the court could not uphold the submission without reversing a similar decision of a Tribunal of Commissioners in 1972, decision R(U) 12/72, and a supporting line of authority. Mr Laws's submission must be accepted. The tribunal's con-struction of the Act was in accordance with the ordinary and natural meaning of the words, and with a line of deci-sions which it would not be right The principle in R(U) 12/72 was that disqualification, once incurred, was for the duration of the stoppage. Having regard to the consistent line of decisions, it would not be right to depart from them.

The appeal should be dismissed. Lord Justice Oliver and Lord Justice Anthony Lincoln con-

curred. For Mr Cartlidge: Richard Drabble Williams).

For the Chief Adjudication fficer: John Laws (solicitor,

The CLARKSON PUCKLE
GROUP has appointed Mr
Robbie Neulaender as managing
director of Clarkson Puckle

The INDEPENDENT BROAD

The INDEPENDENT BROAD-CASTING AUTHORITY, has appointed Mr A. L. Witham as its deputy director of engineering. He has been assistant director of engineering (policy) since 1978, and was one of the small group of engineers who joined the IBA (then ITA) at the start of independent television in 1955.

Mr Malcolm McPherson has been appointed a development director with Stockley. He was a director of Huntingate Develop-

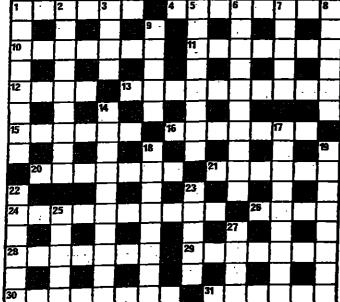
By Rachel Davies

Korea Exchange Bank £50,000,000

Floating Rate Notes due 1995

Notice is hereby given that Lloyds Bank International Limited resigned its position as Fiscal Agent with effect from 21st November, 1985 and that Lloyds Merchant Bank Limited was appointed Fiscal Agent in its place on that date. London 29th November, 1985. Korea Exchange Bank.

FT CROSSWORD PUZZLE No 5,890

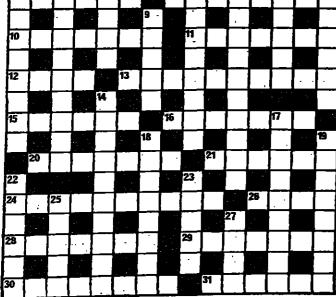


ACROSS

- 1 Soldier is unable retract declaration. (6)
 4 Article about dental trouble in the islands. (8)
- 10 Another word for tank to hold rain perhaps. (7)
 11 He lays charge as copper races wildly round. (7)
 12 Get sly look over dance. (4) 13 Rocket for athlete going on run without clothes. (4, 6)
 15 To obtain forcibly by letter
- having to put a cover on. (7) 20 What baby may do to draw
- first flower. (7) 21 First house on borders to have fences. (6) 24 Sportsman having right to assist with incursion into neighbour's territory. (6, 4)
- 26 One's performance in game. 27 Some 28 Give illustration about axle-
- pin. (7)
 29 Lays bare attitude about sex? (7) 30 Pedals to find lad lost in
- wood perbaps. (8)
 31 Looked after things when inclined. (6)

DÓWN

- I Composer was first to become twisted. (8) 2 Complain at having to go
- in with wood-worker. (9) 3 One attempt to pen cattle. (4)



- 5 Sceptical scholar. (8) 6 Sporting occasion causing a
- tax scare? (5, 5) 7 Publication for children. (5) 8 Blow for carsman. (6) 9 Calm retort. (5)
- 14 Antiquary taking horse over ploughed field (6, 4) 17 Attention absorbed by need to order about twelve dozen.
- (9) 18 City-girl. (8) is wrong. (6)
 16 Speaks at length about 19 Psychic powers love employed to become engaged,
 - 22 Missing sailor in ecstasy (6) 23 One who exists for the organ (5) 25 Regret about exercise in
 - foreign currency. (5) Some chaps entering ecclesiastical recess. (4)



APPOINTMENTS

In R v National Insurance

Commissioner ex parte Stratton [1979] OB 361, 369 Lord Den-ming MR said: "If a decision of the Commissioners has remained undisturbed for a long time...

and has been acted upon by all concerned, it should normally be regarded as binding. The High Court should not interfere with it save in exceptional circum-

That was approved by Lord

New chairman at Diners Club International

Mr Nick Rowe, managing director of DINERS CLUB INTERNATIONAL in the UK since 1982, has been appointed chairman. He succeeds Gen Sir Victor FitzGeorge-Ballour, chairman since September 1977, who is retiring. Mr Rowe will continue as managing director.

*

The money broking department Stockdale a director, with special responsibilities for the north. Ms Sue Hunt will be an associate director in charge of consumer accounts.

*

LEOPOLD JOSEPH HOLD-INGS has appointed Mr Peter Rees as joint deputy chairman. Mr George Blunden has relinguished his post as joint deputy that the post as joint deputy chairman.

The money broking department of Sheppards and Chase has been transfered to SHEPPARDS MONEYBROKERS. The directors will be Mr P. G. B. Wills, chairman, Mr F. H. Lowry-Chase, vice chairman, Mr T. S. Hibbitt, and Mr J. A. Davies Mr J. A. Davies.

Mr Peter Williams has been appointed deputy chairman of BUCKLEY INVESTMENTS and chairman of the executive committee which is responsible for managing the affairs of the company. Buckley Investments is the parent company of the Miller Buckley Group. Mr Williams remains a non-executive director of Bass.

Mr Andrew Berkeley has been mr Andrew Servery has been apointed director, legal affairs STC. He joins the company from the British National Oil Corporation, where he was corporate secretary and general manager, legal and participation.

SAC INTERNATIONAL has appointed Mr Thomas P. Brenn-nan as sales and commercial director. He was with Westland as international sales director of the helicopters and hovercraft

At ST. JAMES'S CORPOR-ATE COMMUNICATIONS Mr John Hall, a director, becomes vice chairman from January 1. Mr Malcolm Wallis and Mr Don Kennedy, associate directors, be-

come directors. Mr Kennedy is a director of St. James's Public Relations. Mr Charles Bachrach and Mr Jim Jeffrey, media managers, become associate directors.

THE THROGMORTON TRUST has appointed Sir Victor Garland and Mr P. J. Loach as directors, and Mr R. W. Seabrook as deputy chairman. Sir Victor has also been appointed a director and Mr Seabrook deputy chairman of The New Throgmorton Trust (1983) and The Throgmorton Secured Growth Trust. *
Sir George Jefferson has been appointed a director of LLOYDS BANK from January 1. Sir George is chairman and chief executive of British Tele-munications a director of

Babcock International. Mrs Wenche Marshall Foster, Mr Nicholas Royds has been appointed chairman of EJP TEAM PUBLIC RELATIONS.
Mr Edwin Protheroe has become chief executive and Mr Brian Parkers Pertier.

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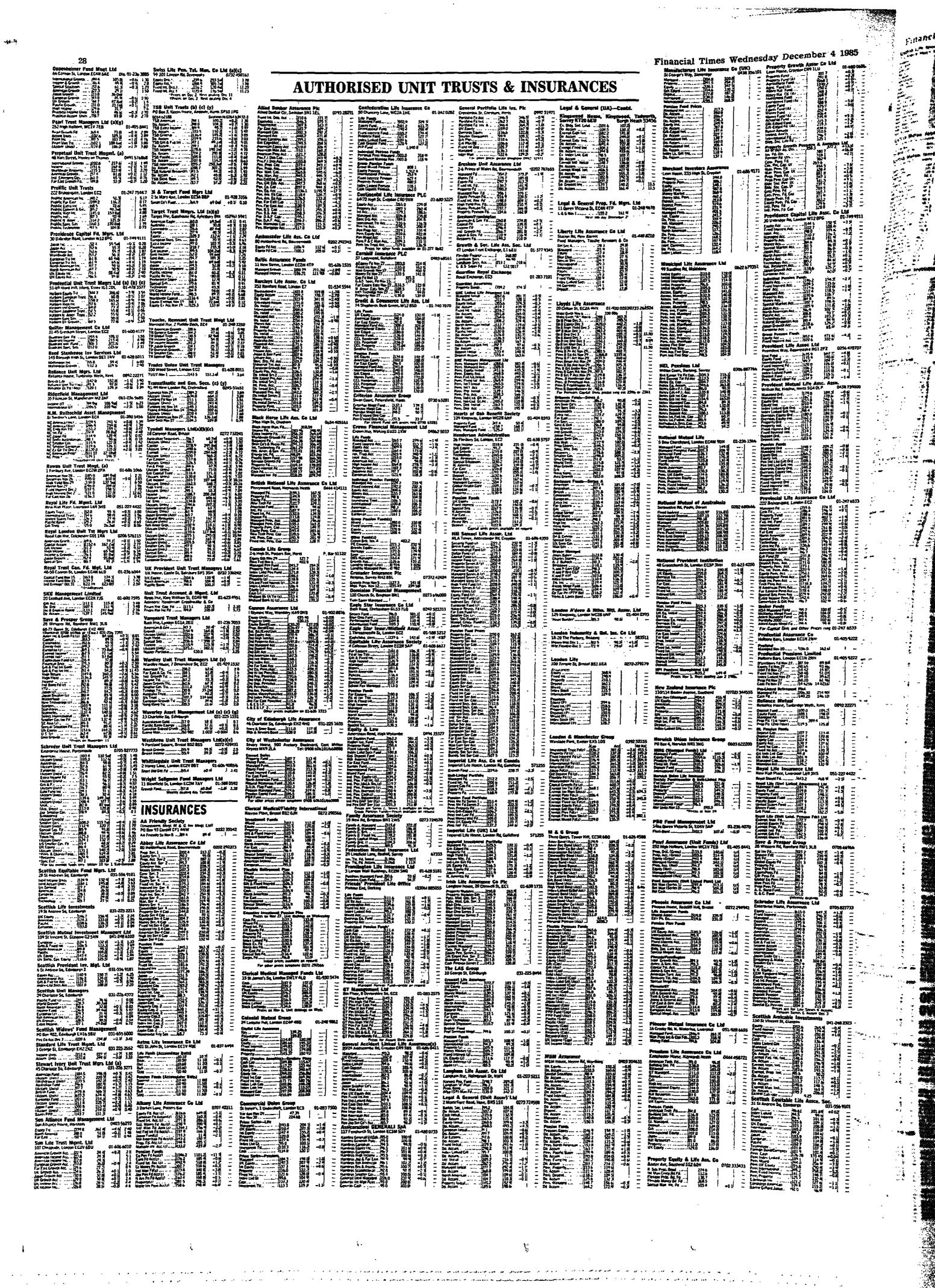
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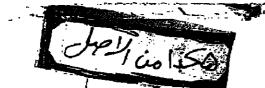
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Congress tries to unite Farm Bills

unite its two different versions support cuts, but there is a of the 1985 Farm Bill in a major catch: The lower he manner acceptable to the Presi-drops them the more the dent and both chambers.

trying to keep down the costs of the Bill. In September he had pronounced himself grains producers by keeping grains produced by the House Agriculture Committee When the Committee Commi culture Committee, although he had not then seen the chaotic sumble the Committee that the chaotic sumble th jumble the Senate would produce late last month.

The contradictions in the two bills are many—almost as many as within the Senate Bill alone. But there are points of

Both bills continue the tradi-tional prop of loan price suptional prop of loan price supports. Farmers can repay their loans at harvest time or, if prices fall, they can default on their loans and let them go into government stocks. Both bills, too, give the Administration could scarcely be overlooked. If the Senate forces prevail, levels it wanted "to make US agricultural exports more competitive."

The Secretary of Agriculture

With majority leader Mr Robert Dole: chepherding this legislative monster

With majority leader Mr Robert Dole: chepherding this legislative monster

With majority leader Mr Robert Dole: chepherding this legislative monster

Much to the Administration's disgust, the House Bill essentially raises dairy price supports by tying them to an adjusted cost of production gramme which would pay higher subsidies to farmers who lidle more of their land.

A new "marketing loan" which allows part of their loan supports to be "forgiven" if them to vote on an alternative 1987.

Swedish group

takes lead and zinc mine stake

By Kevin Done in Stockholm BOLIDEN, the Swedish minerals, metals and chemicals

group, has taken a minority stake in the Faro lead and zine

per cent in the mine.

BOLIDEN,

THE US Congress tomorrow will even be allowed to detergets down to work on trying to mine the final level of the loan Administration will have to Mr John Block, the Agri-culture Secretary, is on hand and other favours.

essentially The House Bill provides five years of income

First, it would give feed grains producers subsidies at their current level for one year with annual reductions of up to 5 per cent in 1987-89. But, to offset the cuts, farmers receive government would surplus commodities equal in value to the cuts in 1987 and 1988. With majority leader Mr



owned commodities.

system of production and marketing controls with higher

price supports.

A different set of confusing

bean producers. The House Bill

sets the basic loan support rate

at \$5.02 a bushel-then allows

the Agriculture Secretary to drop it. The subsidy level is keyed to the average market

prices for three of the past five

The Senate also sets the soya-bean loan rate at \$5.02 for next

year. There the similarity in the

two Bills ends. Loan rates would fall over the next four years

and to discourage producers from leaving their beaus in storage, those who redeem their

stocks will get direct payments of \$35 an acre—of which \$5 would be paid in Government-

Canadian gold prospects brighten

THE PROSPECT of a large gold discovery in north-west Quebec has sparked off a stampede for a handful of minlug shares on the Vancouver and Toronto stock

mine in the Yukon, Canada and is to become chief agent for sales from the mine. The share price of Golden The share price of Golden Hope Resources of Van-conver, which owns mineral rights in the Casa Berardi area ner the Quebec-Ontario border, has shot up from 30 Canadian cents to C\$6.87 in the past month. Investors have also rushed to buy shares in the energy and mining Boliden said the deal would make it one of the world's lead-ing zinc traders and would double its sales of zinc and The deal has been agreed with Currach Resources, the Canadian mining group. Boliden has paid about C\$5m (£2.5m) for a stake of about 10 per cent in the mine. in the energy and mining group Teck Corp, which is handling exploration work on the Golden Hope property.

Teck's market capitalisation has soared by about C\$100m (£49m) in the past fortnight, with its share price reaching a four-year high of C\$17.63 at The Faro mine is expected to produce about 350,000 tonnes a year of zinc concentrate and the start of trading on the Toronto Stock Exchange yesterday. Teck announced late last month that the first 170,000 tonnes of lead concentrate with output starting in diamond drill hole on the Golden Hope Property indicated a "massive" sulphide section as wide as 36 feet with grades of 0.2 onnees of gold per ton, 9.15 oz of silver, 3.1 per cent copper and 15.4 per cent zine.

Results from another hole, released vesterday anneared production. Boliden said that it

the Japanese trading house Boliden is also to sell technology to the Canadian com-pany as part of the deal and deliveries of lead from the mine should help to safeguard supreleased vesterday appeared to confirm the high grade mineralisation. Further assays are due to be released shortly. Judging by these initial results, the geology of the area appears to be similar to that of the welf-established mining camps in northern
Ontario and north-west
Quebec where the bulk of
Canada's gold has been pro-

According to Toronto mining analysts, Teck's involvement in the Golden Hope discovery adds credibility to the results. Mr John Lydall of First Marathon Securities said that "it's obviously an important base metal discovery, but whether

WEEKLY METALS

All prices as supplied by Metal Bulletin.

ANTIMONY: European free market. 99.6 per cent. \$ per tonne, in warehouse, 2,750-2,820.

BISMUTH: European free market, min 99.99 per cent. \$ per lb. tonne lots in warehouse, 2,903.95.

CADMILIM: European free market, min 99.5 per cent. \$ per lb. tonne lots in warehouse, 2,60-275.

TUNGSTEN ORE: European free market, standard min 65.

COBALT: European free market, min 98 per cent V O, cif, in warehouse, 10.85-11.05.

MERCURY: European free URANIUM: Nuexco exchange

it's worth all the hype we don't know at this point." Share prices of other com-panies with claims at Casa Berardi Camp have also moved up sharply. They include Western Pacific Energy and Boulder Mountain Resources.

The new discoveries have

pushed trading volumes on the Vancouver Stock Exchange to their highest levels in more than two years, a total of 23.9m shares changed hands on Monday, more than double normal trading volumes in recent months.

CADMIUM: European free free market, standard min 65 market, min 99.95 per cent, \$ per cent, \$ per tonne unit WO, per lb, in warehouse, ingots, 0.69-0.73, sticks, 0.74-0.78.

VANADIUM: European free

MERCURY: European free URANIUM: Nuexco exchange market, min 99.99 per cent, \$ value, \$ per lb U O, 16.75.

As part of the agreement with Curragh Resources Boliden is guaranteed exclusive global marketing rights for the Faro

Stefan Wagstyl on the Peat, Marwick report about ITC finances

Opening a tin can of worms

THE SEARCH for a settlement has not always been uppermost in the minds of those involved in the international tin crisis.

olans to co-operate with Mitsui

Ever since tin trading was suspended six weeks ago, the hunt has also been on for scape-goats. On the London Metal Exchange, some brokers, facing multi-million pound losses, have naturally attempted to find culprits beyond the doors of their own offices.

At the same time, some of the delegates of the 22-member International Tin Council, horrified by the size of the council's banks, have also tried to disthemselves from the

Some brokers tried to pin the whole blame on the tin council. Some tin council delegates reacted by accusing the brokers. The people caught in the middle of this crossfire were the tin council's permanent officials, especially its buffer stock manager Mr Pieter de Koning, who have both been attacked by both

brokers and delegates.

These officials have been prevented from defending themselves publicly by instructions from lawyers not to make public statements during the crisis. But privately, they are incensed at what they regard as slurs on their names. And they have argued vehemently in meetings with delegates that what they did had the approval of the council and fell within the spirit of the International

questions about the responsibi-lities of individual member These governments of the tin council, stock manager to "park" tin And it has prompted suggestions that the rules of the periods, which were constantly which set up the council, were themselves at fault

bility for the crists has been back at a fixed price three given new impetus by the wide months later. In a special bor-

of its stockpile.

part of Peat Marwick's brief to find culprits. But the Andings were immediately seized on by over the market without extend its influence figures quiet because some of his operations. Without it he delegations had LME could not have hoped to support a high tin price with very the first price with very hope as a divisers. The main shock in the report facilities—it had borrowed Mr de Koning was able to limited resources. But without for some tin council delegates £282m against a limit of £290m prove his points from the tin it the disaster which now

It was generally assumed by brokers that the bulk of the buffer stock manager's tin higher proportion of the world's stockpile was held in official tin was controlled by the tin LME warehouses, whose stocks are revealed in statements published weekly. For the week of October 24, when the crisis broke, this total was 37,790

However, the report reveals that only 10,600 tonnes of the This is because brokers who council's total 52,540 tonnes took tin on special deals at stockpile was in LME ware- fixed prices from the tin council brokers argued that the mis-houses—the rest was in a non- covered themselves by selling match of short-dated fixed price

Formal international tin council talks on the crisis were yesterday adjourned until this afternoon. Meanwhile informal discus-sions were set to take place between ITC members. One possibility was that the couneil will approach banks and brokers later this week to invite them to join in a rescue package, according to

LME warehouse in Rotterdam and in store in the Far East. But the ITC also had an interest in the LME official of the council and fell within the spirit of the International Tin Agreement signed by the member governments.

This vigorous defence by Mr tolled by the ITC, but held by the IT

These deals allowed the buffer The argument over responsi-lity for the cricic has been spread circulation of a confidential report by accountants Peat, Marwick, Mitchell on the tin council's finances.

In itself this report says nothing about who was to blame for the tin council rundellame for the tin c

ose hunting for scapegoats. ceeding its bank borrowing brokers as advisors.

The main shock in the report facilities—it had borrowed Mr de Koning with some time and the control of the co and for many LME brokers was according to Pest Marwick. At council's minutes. More gener threatens the market could the size of the ITC's liabilities the same time, it could keep its ally, delegates could not deny never have happened.

63,504 tonnes—were agreements to buy back its own tin.

slice of the tin council's pur-

chases in the forward market-

The tin council's exposure (tonnes) ITC metal stocks

Forward purchases Special lends (buy-back stages) Priced forward sales -8.850120,819

in the forward market-and who was the biggest buyer in the forward market but the These revelations prompted

some tin council members to cry foul as soon as the accountants' report was presented to an emergency ITC meeting on the crisis in the middle of last month. These delegates, followed subsequently by some LME brokers, tried to accuse which could not be met. As receiving a contembra, the time of the solution of the council. Delegates allowed Mr de Koning to build up liabilities which could not be met. As Mr de Koning of over-stepping recently as September, the tin his mandate and of breaching producing countries belonging

the tin council's own rules. But the charges did not stand of inquisition." The buffer stock manager was able to show that there was nothing new about special deals, and that he had

-£897m gross owed to brokers, declared stockpile—52,540 that he had repeatedly warned tonnes—within the limits set them that the council was rundown by the Fifth and Sixth ning out of money and needed international Tin Agreements of 63,823 tonnes.

If the council had declared the same arguments have

the accountants' report expected all the tin covered by special raged over the scale of the to find.

deals, its total would have been buffer stock manager's forward transactions. Of his forward purchases totalling 63,504 tonnes, all but 675 tonnes were tin was controlled by the tin due for delivery before the end council than had been suspected of January 1986. Against this by the LME brokers.

This meant also that a fair sales stretched out until

January 1987.
Moreover, while the forward purchases were at fixed prices, most of the forward sales were unpriced.
Some delegates and not a few

match of short-dated fixed price purchases and long-dated unpriced sales was a recipe amounting to over-trading on the buffer stock manager's part. Once again, Mr de Koning was able to show that he had stuck to the rules of the International Tin Agreement, Article 28 of the Sixth (current) TTA specifically save the buffer stock.

specifically gave the buffer stock manager permission to deal in the forward market, as long as transactions were completed before the agreement expires in

But if Mr de Koning was not responsible for the crisis, who

It seems that some blame at least must fall on the shoulders of those brokers who struck special deals with the buffer stock manager. They claim that they acted without knowing the

to the Association of Tin Pro-ducing Countries, received a up. Delegates quizzed Mr de direct appeal for more cash Koning in a committee, which from Mr de Koning. They was at time likened to a "court promised £60m but did not pay

It seems that too few delegates understood the way that huge commitments can be made in the forward market with very slim resources. The wide dis-cretion granted to Mr de Koning to keep silent on the full extent of his commitments may have been too great.

a high tin price with very

LONDON **MARKETS**

ROBUSTA coffee futures continued to trade actively in London yesterday, with fears of the drought damage to the key Brazilian crop still uppermost in dealers' minds. During the morning, following Monday's sharp rise in London and New York, prices surged to new five-month highs, with the March contract reaching £2,030 per tonne before dropping back to £2,007.50 at the close. The fall reflec-ted profit-taking and came after New York failed to maintain earlier limit gains. Sugar futures, by contrast, eased off following their rise to the highest level since October 1984 on Monday. In late afternoon trading, cit raw sugar values were pressured by light profit-taking, with contracts down heatween with contracts down between \$0.40 and \$1.20 per toline. The London Metal Exchange was generally quiet, with copper, lead and aluminium steady, and zine and nickel slightly easier. LME prices supplied by

Amalgamated Metal Trading.

679.5-80. Turnover: 47,550 tonnes.

.UR	MINIUM	Platinum oz Quicksilvert Silver troy o
Unofficial + or closesp.m.) - High/low E per tonne 651.3 +1.25 656:85.5 nths 675.5-6.8 +1.25 681/673		3 months. Tin cash 3 months. Tungsten Wolfram 22.0 Zinc 3 months. Produce
	closing (am): Cash 655 5-6	OILS

COPPER

-Ngher grade	Unoffic'i close	+or , H	igh/lo
Cash 5 months	916-7 938-5	+ 2,5 '91' + 3,5 #4	8.5:91 1:937
Official clo (914-5), three settlement 9 close: 941-2.	e months	938,5-9	9345
Cathodes	- ·-•	 -	

8±0.5 -1 919.21 +2.5 Gash 3 months Official closing (am): Cash 904-7 (890-2), three months 921-4 (910-2), settlement 907 (892). Turnover: 34,775 tonnas. US Producer prices 65-69 cents per pound.

T bet mine	the morning and reached Ela
h 267.58: +4.5 269/268,5 conths 274.55 +4.5 276/274	the day before easing back to unchanged. The only physical noted was second-hand for
Miciel closing (am): Cosh 268.5-75 3.2575). three months 27825 9-70), settlement 268.75 (263.75). al Karb close: 276-7. urnover: 10.325 tonnes. US Spot	positions, both consumers all ducers remaining sidehned. Gill and Duffus. Yesterday's Close + or F
75-20 cents per pound.	£ per tonne
ICKEL	Dec 1619.1623 2.0 March 1671.1672 +4.0 May 1691.1692 :
· Unofficial + or :	July 1710.1711 + 3.0

Official closing (am): Cash 2700-5 (2670-5), three months 2738-42 (2715-20). settlement 2705 (2675). Final Karb close: 2725-35.

Turnoyer: 912 tonnes.	
	COFFEE
INC	Following a furthe
: Unofficial + or hgrade close (p.m.) — High/low £ per tonne	advances. Commiss was mer by scale-up the market lound ke out the rest of the
in 427.9 -1.5 ionths 429.30 -,75 437 430	profit-taking.
Official Closing (am): Cash 429-30 3-4), three months 433-4 (422-3), Hamon 430 (424) Final Kerb close:	COFFEE Yesterdy

Turnover: 7.400 tonnes. US Prima Western: 33-35.75 cents per pound.

GOLD	
Gold rose \$3 an ounce from Monday's loss in the London bullion market researchy to finish at \$322+323. It is pened at \$323-323*, which proved to se the day's high and touched a low of \$21+322. Trading was rather quest ind uneventful with buying interest resulting gold further despite a stronger lost and an expension of an ally cut in the US discount rate.	
lose \$3226 323 (£21714.21734) ipening \$325.3251g (£21714.21734 f'ni'g fix. \$322.50 (£217.758)	

GOLD AND PLATINUM COINS Arg'rnd #324½ 525 (£18½ 219½)
• Krus. \$171½-172½ (£115½-116¼)
• Krus. \$27½-86½ (£215½-116¼)
• Krus. \$27½-86½ (£242½)
• Krus. \$255½-36½ (£242½)
• Mapleleaf \$335½-353; (£22½-22½-225)
• Mapleleaf \$335½-353; (£22½-225½-255)
• Mangel \$22¼-37¼
• Mew Sov. \$79¼-79¾ (£23½-255)
• Mew Sov. \$26¼-79¾ (£31¼-355)
• Mow Sov. \$26¼-85 (£24½-255)
• Mow Sov. \$26¼-82 (£54¼-55½)
• Mobile Piat \$357½-561½ (£24½-245¾)

SILVER

Silver was fixed 3.25p an ounce higher for spot delivery in the London builton market yesterday at 410.45p. US cent equivalents of the fixing levels were: spot 807.5c. down 2.7c; three-month 619.65c, down 2.3c; and 12-month 632.35c, down 2.8c. The metal opened at 408-410-p (607-609c) and closed at 410-412p (608-611c).

SILVER Buillon + or L.M.E.. + or per Fixing - p.m. unofficial LME-Turnover: 0 (58) lots of 10,000 Three months final kerb 420-2p.

RUBBER

PHYSICALS — The London market opened sesser, attracted no interest at the lower levels and closed dull, reports Lewis and Pset. Closing prices (buyers), spot 55.50p (same). Jan 53.25p (same), feb 53.75p (same). The Kuala Lumpur fob price (Melaysin/Singapore cents) per kg RSS No 1 was 1765 (same) and for SMR 20 170.5 (172.0).

JUTE—Raws: Dec-Jan c and ! Dundee BTC \$470, BWC \$470, BTD \$435, BWD \$435; c and f Antwerp BTC \$460, BWC \$460, BTD \$420, BWD \$420. Products: c and f Dundee ex-India Dec-Jan shipment 40 in 10 oz £15 50, 40 in 2 7.5 oz £12.00; B twills £43.20. Ju

INDICES FINANCIAL TIMES

Dec. 5 Dec. 2 Mith ago Year ago _- _- 269.95 (Base: July 1 1952=100)

REUTERS

Dec. 3 Dec. 2 M th ago Year ago 1733.9 1708.4 1718.0 1891.9 (Base: September 18 1931 = 100) DOW JONES

Jones 3 29 ago ago Spot 121.75 120.62 - 125.19 Fut. 122.65 122.34 - 126.76 (Base: December 31 1974 = 100)

MAIN PRICE CHANGES in tonnes unless otherwise stated.

Dec. 3 + or Month

	METALS	1985	-	2 90
	Aluminium Free Mkt	£1100		£1100
	CORRET	J		
	Cash h Grade 3 mths	£938.25	+ 5.5	¥977.5
	Gold Troy oz Lead Cash	L267.75	+4.5	£275.5
	ā mths Nickel	,I	·	,
	Free Mkt Palladium oz Platinum oz Quicksilveri	\$101.60	+0.1	\$101.15
	Quicksilveri Silver troy oz	8270/280	1396	8266/275 482 550
-	3 months	421.85p	+ 3,45	434,250
N	3 months	\$67.77	3.84	870.28
î	Wolfram 22.01b	£428	i1.5	\$62:68 £409
-	3 months Producers	i±439.5 □	-0.75	£418.5 \$660,870
_				

nt 656 (647). Final Kerb close: Copra Phil :5340w \$265 Soyabean (U.S.) | \$218.6 -1.9 \$218.5

Barley Fut. Mar. R112.35 +0.65/E110.30 Maire £14(.50 +1.5 £134.00 Wheat Fut. Mar. £115.10, -0.45 £110.90 No. 2 Hard Wint.

Cocos Ft. Mar. |£1671.5 +4 £1677.5 |
Coffee Ft. Mar. |£2007.5 +11 £1914 |
Cotton A Index | 47.80c | 48.05c |
Cas Oil Jan. | 8259 | -0.5 \$260.5 |
Rubber Ikid | 55.50 | -0.5 \$260.5 |
Wooltops 64s | 3820 kilo | -44.5 |8744 kilo |
Cotton A Index | 44.5 |
Cotton A Index | 44. In tonnes unless otherwise stated. ‡ Unducted. x Dec-Jan, w Nov-Dec † Per 75 ib flask. c Cents per pound ž Jan.

COCOA

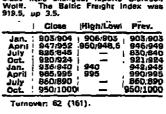
	ma ware	a inttle	steadier	dut
the m	orning ar	id reach	ed £15	up
the da	y before	683159	back to	a ci
nachar	ged. Th	e only o	hysical	inte
noted	W25 58	cand-han	d lor	nea
positio	ns. both	CONSUM	ners an	10 E
Hucara	remaini	na side	beed	repo
	d Duffus			

COCOA	Close	+ or	Business Done
	£ per tonne		Jone
March May July Sept Dec	1619-1623 1671-1672 1691-1692 1710-1711 1726-1727 1723-1724 1736-1744	+4.0	' 1755-1725 ' 1751-1721
tonnes. ICCO in per pound) 107.52 (10	,957 (1,861 dicator prio). Daily pi 7,26); five-d	es (U. rice fo	S. cents r Dec 2:

•••			
New York advances. was mer b the market out the ri profit-teking	k London Commissing scale-up lound kee est of the	n mac trada n sellir a day	up move in de further use buying seffing end ng through- based on
COFFEE	Yesterdy's	+ or	Business
	Close	-	Done
	2007-2018	+11.0	2059 1975
	2039-2048	+8.0	2058 2012
	2067-2075	+7.0	2090 2050
	2091-2038	+6.5	2715 20,70

MEAT

MEAT COMMISSION—Average tat-stock prices at representative markets, GB—Cattle 95.75p per kg lw (+1.17). GB—Sheep 190.18p per kg est dcw (+5.28). GB—Pigs 80.31p per kg lw (-1.79).



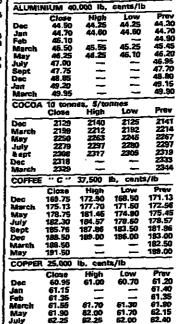
GRAINS

WHEAT

US MARKETS PRECIOUS METALS traded

in tight range as participants awaited better indications on the longer term direction of oil prices, reports Heinold Commodities. Copper and aluminium came under scataluminium came unner sate tered pressure from arbitrage selling linked to sterling weakness. Profit-taking and scattered trade selling scattered pressured sugar as physical activity remained light. Cocoa weakened on favourable Bahian Coffee maintained a Bahian Coffee maintained a firm tone on good speculative based buying. Cotton gained ground on evidence of mill pricing below the market which touched off short-covering. Heating and crude oil declined ahead of the API report and Opec meeting despite colder temperatures in the North-east. Sovaheans in the North-east. Soyabeans strengthened in response to a USDA aunonneement that they would oppose any changes in the 1985 crop pro-

NEW YORK



COFF	EE		
Following New York advances. was met b the market out the reprofit-taking	Commissi y scale-up lound kee est of the	n med on hou trade s on sellin	e further se buying seffing and g through-
COFFEE	Yesterdy's Close	+ or	Business Doлe
Jan March	 1955 1966 2007-2008	+ 15.0; + 11.0;	1985-1986 2060-1975

Jan 2120-2140 - 2.5 2150-2100 Sales: 8.578 (9.349 lots of 5 tonnes-iCO indicator prices (US cants per pound) for December 2: Comp. daily 1979 150.73 (145.43); 15-day average 141.39 (140.56).

Prices closed unchanged in Lack-lustre conditions, reports CCST Sales: 10 (4) lots of 50 carcases, 3,250 kg. p. per kilo (desdweight)

FREIGHT FUTURES

Levels opened slightly steadier against a background of further consolidation in physical rates. The market differ back in the afternoon to close fictle changed, reports Clarkson Wolff. The Baltic Freight Index was 918.5, up 3.5.

Trade remained thin all day with volume boosted by crosses as values dritted in featuraless conditions. Saitey was slightly steadler but flat trade was virtually non-existent as Jan-Mar switching dominated. New cross were steadier but switch trading accounted for all but a handful of trades, reports Mulipace. BARLEY

nth	close			
ш	112.60	-0.45	109.25	+ 0,1
аг.,	115.10	-0.45	113.35	+ 0,6
ay			114.50	-0.4
ily!		-0.65 ₁	98.66	. =
M			101.75	_
Bosi	noss done	_whe	at: Jan t	12.90
50.	Mar 115 60-	5.10,	May 118.50	1-8.05
ıly 1	20.90 only.	Sept	98.85 only	, No

PORK BELLIES 38.000 lb, cents/fb

SOYABEANS 5,000 bu SOYABEAN MEAL 100 tons. \$/ton

Prev 50YAB 322.3 50YAB 322.3 22.8 22.5 Dec 330.2 Jan May 338.5 May 342.9 July 347.5 Sept 357.1 Oct 252.2 Sept 357.1 Oct 262.3 Dec SOYABEAN OIL 60,000 Ib. cents/lb Close 19.73 19.21 19.50 19.80 20.00 20.00 19.83 19.80 19.87

Close High Low Prev 341.6 342.4 336.4 337.4 317.2 318.0 311.0 314.0 286.4 289.0 282.4 285.4 287.0 287.4 286.4 298.4 298.4 296.4 298.0

101,85-1.50. Sales: 303 lots of 100 tonnes. Barley: Jan 109,25-9,15, Mar 112,35-2.30. May 114,65-4.40, Sept 105 on 100 tonnes. Sales: 491 lots of 100 tonnes. US dark

LONDON GRAINS—Wheat US dark northern spring no 1 15 per cent Dec 131.25, Jan 133. Feb 134.50 transhipment east coast. US no 2 soft red winter Dec 116.25, Jan 116.75. Feb 117. EC Franch Dec 132. English feed fob Dec 112.75 paid Boston, Jan 115.50-116.00, Jan-Mar 116.75-118.00, Apr-June 120.50-121.50 buyer-selters. Maize: US no 3 yellow/French transhipment east coast Dec 141.50. Barlay: English feed fob Jan 113 buyer, Jan-Mar 114.25-115.50 buyer-sellers. April-June 119.50 seller. Rest unquoted. seller. Rest unqubted.

HGCA—Locational ev-farm spot prices. Feed barley: \$ East 106.50. W Mids 106.70. N West 106.40. The UK monetary coefficient for the week beginning Monday December 9 (based on HGCA calculation using the days' exchange rates) is expected to remain unchanged.

HEATING OIL 42,000 US gallons, cents/US gallons

POTATOES

Yesterday's, Previous Business close close done £ par tonne Feb 81.50 | 82.00 Apr 92.10 | 92.90 May 97.00 | 98.00 Nov 73.80 | 73.80 Sales: 304 (863) lots of 40 tonnes.

SOYABEAN MEAL The market opened 50p higher on weaker starling together with professional buying, reports T. G. Roddick. Prices eased on light commission house selling before steadying on late buying.

Sales: 120 (81) lots of 20 tonnes. SUGAR LONDON DAILY PRICE—Raw sugar \$145.00 (E98.00), up \$4.50 (up £6.00) a fonne for Dec-Jan delivery. White sugar \$179.50, up 3.00. The market consolidated at the higher levels after Monday's rise, reports C. Czarnikow.

No.6 Yest'day's, Previous Business Con- close close done

Sales: 1.570 (2.783) lots of 50 tonnes,
Tate & Lyle delivery pince for granulated basis sugar was £201.50 (£197) a tonne for evport.
International Sugar Agreement—(I.S cents per pound fob and slowed Cambbean ports). Prices for Dec 2: Daily pince 5.56 (5.47): 15-day overage 5,42 (xame)

PARIS—(FFr per tonne): Mar 1419-1420, May 1438-1440, Aug 1480-1485.
Oct 1519/1525, Dec 1540-1555, Mar 1595-1605.

OIL

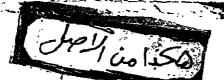
In the crude market Brent traded modestly for January through to Marchet 40-90c bowe Monday's London prices but 20c below prices reached in late US trading, Faced with substantial December North Sea availability buyers proved rejuctant Nymex WTI opened 9c down for January and was a further 20c down at 130 pm EST in the products market quotes were weaker across the barret in thin and uncertain trade. Few deals were reported in any product with intic buying interest identified—Petroleum Argus, London.

SPOT PRICES Latest CRUDE OIL-FOB (\$ per barrel)-Jan.

PRODUCTS—North West Europe Prompt delivery cif (\$ per tonne) *December Petrolaum Argus estimates

GAS OIL FUTURES 8 U.S.

Turnover: 2,631 (3,292) lots of 100 CRUDE OIL FUTURES—Brent Blend Indo.. \$ a barrol. (Close, change, business done): Index 28.15 ~0.33; Jan 28.40-26.55. +0.275. 28.70-28.35; Feb 27.65-27.75. +0.275. 28.00-27.60; Merch 26.90-27.00 +0.20. 27.00* April 26.10-26.50. +0.05. untraded: May 26.00-26.70. +0.05. untraded: Turnever: 339 (13) lots of 1.000 barrels.



CURRENCIES, MONEY and CAPITAL MARKET

average 1.4408. Exchange rate

FOREIGN EXCHANGES

Dollar shows further rise

The dollar improved against leading currencies yesterday but mot resistance at the day's highs. Early trading saw the US unit in good demand in response to the covering of short positions. Interest centred on the dollar/D-mark rate and after opening around DM 3.5150, the dollar rose steadily to DM 2.5350.

News of a 0.3 per cent rise

News of a 0.3 per cent rise in US leading economic indi-cators was much in line with in US leading economic indicators was much in line with market expectations although the previous month's figure was revised upwards from a rise of 0.1 to 0.4 per cent and this provided background support sufficient to push the dollar may to test DM 2.54. It was around this level that the dollar met resistance. Some suggested that the market was displaying a new found maturity by not trying to push the dollar too far and arouse the central banks. However, others declared that exesteraly's recovery had been inevitable but that the dollar's outlook remained gloomy.

Much will depend on the authorities' attitude towards the current expansion in US money supply and the timing of any possible cut in the discount rate. Poor fourth quarter GNP figures

	Dec. 3	Prev. close
6 months 12 months	\$1,4805-1,4810 0.43-0,409m 1,18-1,13pm 3,70-3,55pm	1,19-1,16pm 3,68-3,66pm
Forward pr	emiums and di o the U.S. do	scounts apply lier.

POUND SPOT - FORWARD AGAINST POUND

<i>4.2</i> 25)-76.35	1.4790-1.4800 2.0693-2.0623 4.21 ¹ 4-4.22 ¹ 4	0.44-0.41c pm 0.45-0.36c pm 21-2c pm	3.45 2.36	7.20-1.16pm 1.16-1 02pm	p.z. 3.19
4.22½ 1-76.35	4.214-4.224	0.45-0.36c pm	2.36	120-1100111	
<i>4.2</i> 25)-76.35	4.214-4.224				2.12
)-76.35 [°]				57 ₈ -55 ₂ pm	
	76.05-75.15	23-18c pg	3 32	61-52pm	Б.45
31,-13.581,	13.55%-13.56%	31-21-ore pm	2.43	a 1,24bus	2.97
9-1.2158	1.2124-1.2134	0.22-0.08p pm	2.43	81-714pm	2.30
	3.744-3.754	0.22-0.08p pm	7.48	0.44-0.10pm	0.89
	235.56.240.17	21-21-pf pm		6 ³ 6 ³ -0m	8.60
		190-495c dis	-17.28	625-1525ds	-18.05
	230.89-231 <i>.2</i> 7	55-100c dis		225-345dia	-4.93
2559°,	25524-25534	10-15)ire dis	-5.8 8	20-27dis	-3.68
-11.29 ¹	11.264-11.274	3-1ore dis	-0.67		-0.84
	17.421,-11.431,	2%-15c pm		5 ³ -4 ³ -pm	1.73
11.39	11.364, 11.374,	1-1-ore dis	-1.19		-1.10
1034	3021-3031	0.94-0.79y pm	3.43	2 Rd_2 65	3.62
		113-95-070 070	4 76	221. 201 am	4.71
2 421	3.12-3.13		7.92	6)Si.nm	7 .28
	134 26.34 -3.134	134 3021_3031, 26.34 25.31-26.34 -3.131, 3.12-3.13	1314 3021-3031 0.94-0.78y pm -26.34 26.31-26.34 113-91-oro pm	1334 3021-3031 0.94-0.78y pm 3.43 26.34 25.31-25.34 113-91-gro pm 4.76 -3.131 21-26 pm 7.92	134 3021-3031 0.94-0.78y pm 3.43 2.84-2.85pm 26.34 26.31-26.34 171-91-gro pm 4.76 331-281-pm 3.131 21-2.pm 7.92 51-51-pm

Six-month forward dollar 2.15-2.10c pm. 12-month 3.70-3.55c pm.

DOLLAR SPOT-FORWARD AGAINST DOLLAR

Dec 3	Day's spread	Close	One month	% p.s.	Three months	% p.a.
UKT	1.4730-1.4890	1.4790-1.4800	0.44-0.41c pm	3.45	1.20-1.16pm	3.19
frelandt	7.2160-1.2268	1.2200-1,2210	0.25-0.15c pm		0.85-0.55pm	
Canada	1.3900-1.3912	1.3907-1,3912	0.12-0.15c dis		0-37-0.42da	-1.14
Nethind.	2.B255-2.8600	2.8505.2.8515	0.62-0.58c pm		1.66-1.63pm	
Belgium	51.06-51,62	51.40-51.50	1-13c dis	-0.23	2-4dis	-0.23
Denmark	9.10-9.20	9.167-9.17	1ore dis	-0.98	12-24dis	-0.87
W. Ger.	2.5110-2.5415	2.5330-2.5340	0.79-0.74pt pm	3.62	2.16-2.11pm	3.37
Portugaj -	360-161 ¹ 4	180-161	175-375c dis	-20.58		-21.18
Spain	1557 - 1564	1554-166	90-125c dis.		285-335dis	-7.94
Italy	1709-1730	1725-1726	13-75lire dis		28-313-des	-6.90
Norway	7.574-1.644	7.614-7.614	21-23-ore dis		74-74dis	-3.93
France	7.662-7.754	7.72%-7.72% .	0.85-1.15c dis		2.80-3.30ds	-1.58
Sweden	7.6217.70	7.683-7.683	23-32 ore dis	-4 68	8-8 ¹ -dis	-4.29
Japan	203.60-205.10	204.76-204.85	0.02ypm-0.01dis	-0.03	0.24-0,20pm	0.43
Austria	17.64-17.86	17.75.17.79	21-11-gro pm		84-54pm	1.57
Switz.	2.0940-2.1175	2,1115-2,1125	0.63-0.78c pm		2.23-2.18pm	4.18
t UK	and Ireland a		US currency, F		premiums an	

EXCHANGE CROSS RATES

Dec. 0	·			TER	F FF.	S 11.	nr.	Line		B Fr.
£ 8	0.676		2,748 2,534		11.45 7.725					
DM YEN	0.267 3,300		12.37	80,85 1000,	3,050 37,72	0.834 10.31	1,125 13,92	681,2 8425.	0,550 6,801	20,31 251,2
F Fr. S Fr.	0.875 0.320			265,1 96,96		2.734	3,690 1,350	2233. B16.9	1.803 0,658	65,58 24,35
H FL Lira	0,237 0,392		0.889 1.468	71.84 118.7	2.710 4.478	0.741	1,652	605,3 1000.	0.489 0.807	18.04 29,81
CA BFr.	0.485 1,314	0.718 1,944	1,818 4,924	147.0 398.2	5.546 15,02	1.516 4.106	2.047 5,542	1239. 3364.	2,70B	36,93 100,
Y	W 600- 1	Bennah' 1	- nor 16	- 15	- 1 M	& Bala	Se 000	200		

EURO-CURRENCY INTEREST RATES

Dec. 3	Short term	7 Days	Month .	Three Months	Six Months	One
Sterling U.S. Dollar Can Dollar D Guilder Sw. Franc Deutschmrk Fr. Franc Italian Lire	113 ₄ -117 ₈ 856-85 ₃ 87 ₆ 85 ₆ 51 ₆ 5 ₇ 5 21 ₆ -21 ₆ 51 ₆ -5 ₇ 6 81 ₄ 9 15-22	112-1178 84 83g 9 94 5 6-5 5 24-25 44 478 94 91g 17-22	115q-1134 84-83g 95-95 552-55 41g-415 934-93g 161g-18	11,3-1159 8,8-8,5 918-939 5,7-515 4,418 4 1-4 3 911-913 1434-1534	1156-1114 873-874 914-912 578-5 415-44 413-413 1015-1018 1412-1514	114-11 8A-84 9A-94 9A-94 418-44 418-5 103-10 143-14
B.Fr.(Fin) Br.Fr (Con) Yen	734-8 754-8 814-8;3 868-918 8,2-8,6	84g 86g 84g-85g 84g-84g 87g-94g 84g-84g	856-859 856-858 856-856 816-816 816-816	83g-85g 83g-85g 734-77g 91g-96g 81g-814	836 856 846 856 714 756 919 956 812 814	8 % 856 856 858 6 % 7 % 9 4 9 4 8 1488

Long-term Eurodollars— two years 8%-9 per cent three years 9%-9% per cent four years 9-8% per cent five years 9%-9% per cent nominal. Short-term rates are call for US Dollars and Japaness Yen; others, two days' notice.

FINANCIAL FUTURES

Prices

average 1.4408. Exchange rate index 81.4 unchanged from the opening and Monday's close. Sterling lost ground against the dollar to close at \$1.4790-1.4800, a fall of 80 points from Monday. It was also weaker against the D-mark at DM 3.7475 from DM 3.7500 and Y303.0 compared with Y303.50. Against the Swiss franc it eased to SFr 3.1250 from SFr 3.1300 and FFr 11.43 from FFr 11.4350. D-MARK — Trading: range against the dollar in 1985 is 3.4510 to 2.5110. November average 2.5926. Exchange rate index 129.5 against 122.1 six months age. Prices fell on the London International Financial Futures Exchange yesterday, in reaction to overnight weakness in the US bond market, a continued firm Federal funds rate in New York, the lack of any further moves to balance the US budget deficit and an upward revision in September US leading economic indicators.

The D-mark lost ground against the dollar in Frankfurt against the dollar in Frankfurt vesterday as sentiment for the US unit improved. Fading hopes of an early cut in the discount rate together with some profit taking brought the dollar back from the 21-year low it fouched recently to finish at DM 2.5320, up from DM 2.5100 on Monday. Short covering early in the day prompted further demand for the dollar during the afternoon. The US unit had been fixed without Bundesbank intervention at DM 2.5325 from DM 2.5030 on Monday. **CURRENCY MOVEMENTS**

faded of an early cut in the Federal Reserve's discount rate, after the dollar's recent decline to 2½-year lows on the foreign exchanges, and M1 money supply growth remains well above the Federal Reserve's target range. The comment by Mr Preston Martin, vice chairman of the Federal Reserve Board, about the further downgrading of M1 in setting monetary policy next year, came too late to influence the market. Bank of Morgan England Guaranty Index Change %

LIFFE-DEUTCSHE MARKS DM 125,000 \$ per DM

STERLING INDEX

9.00 am 10.00 am

11.00 am

81.4 81.3 81.3

81.2 81.3 81.5

81.6 81.7 81.7 81.6 81.6

Long-term gilts for March de-livery opened at 112-17, weaker than the previous close, but near the day's high of 112-18, and closed at 112-12, compared with 113-29 on Monday. 0-1982=100. Bank of England Index 112-29 on Monday.

Three-month sterling deposits
weakened, as sterling fell on the
foreign exchanges and hopes of
a base rate cut faded.

OTHER CURRENCIES

				gn excl e rate			opes of
Dec. 3	£	\$		REN			ES
Aus'zlia	1,1860-1,2017 2,1790-2,1830	1.4750 1.4767	POUNE) — \$ t	FOREIGN	EXCH4	INGE)
Brazil Finland	. 13.948-14.019 . 8.1030-8.1195	9,405-9,450 5,4880-5,4900	Spot 1.4795	1-mth. 1.4763	3-mth, 1.4677	6-mth. 1.4583	12-mth. 1.4433
H'kong	219,38-224,15 11,3245-11,5896	7.8030-7.8050	IMM-	STERLNO	Ss per	£	
Kuwait	123,0° 0.4289-0.4297 76,05 76,15	0.29040 0.29050 61 40 51 50	Dec	Latest 1.4805	High 1,4820	Low 1,4710	Prev 1.4875
Malay'asi	3.5780-5,5850 2.6150-2,6250	2.4260-2.4270	March June	1.4700	1.4710 1.4600	1.4600 1.4570	1.4765 1.4665
Saudi Ar . Sin'pore .	5.3925-5,4005 5.1490	3,6502·3,6507 2:1500 2,1530	Sept Dec	=	=	=	1.4575
S.Af. (Fn).	4.0735-4.0955 4.8080-4.9700	3.2520 3.3616	LIFFE	STERLIN		00 \$ per	£
U.A.E	5.4245 5.4325	8,6720-3,6780	Dec	Close 1,4815	High 1.4820	Low 1,4733	Prev 1,4882
	• Selling rat		March	1.4700	1.4730	1.4640	1.4770
			June Sept	1.4610 1.4530	1.4590	1.4590	1.4680 1.4600
	• • •		Est. Vo	lume 232 s day's		. 3,961 (
CURR	ENCY RA'	TES	LIFFF	DELITOS	HE MARI	ĊS.	

CURRENCY RATES

Dec. 5	Bank rate %	Special Drawing Rights	European Currency Unit
Sterling U.S.& Canadian & Austria Sch Bolgian Fr Denish Kr Denish Kr French Fr Lira Yen Norway Kr Span'h Pta Swiss Fr	712 8.98 4 834 7 4 5 916 1512 5 8	0,735398 1,08861 19,3648 M:A 9,97602 N:A 3,10368 8,41278 1876,76 222,023 8,28268 169,985 8,35127 2,29991	6,73066 1501.89 178,390 6,64426 136,045 6.69343 1.84065
Greek Dr'ch Irish Punt	2012	NIA	151,040 0.714084

1.00 pm 2.00 pm 3.00 pm EMS EUROPEAN CURRENCY UNIT RATES

	Ecu contral rates	Currency amounts against Ecu December 3	% change from central rate	% change adjusted for divergence	Divergence fimit %
Belgian Franc	44.8320	44.8303		+0.86	±1.5425
Danish Krone	8.12857	7.96686	-1.74	-0.88	±1.6427
German D-mark	2.23840	2.20622	-1.44	-0.58	+1.1455
French Franc	6.86402	6.73086	-1.96	-1 08	±1,3654
Dutch Guilder	2.52208	2.48301	-1.55	-0.69	±1,5162
Irish Punt	0.724578	0.714034	-1.46	-0.60	±1.6673
(talian Lira	1520.60	1501.89	-1.23	-1.14	±4.0856
Change	a are for E	TSU1.89 Cu. therefore (justiment celcu	positive cha	nge denotes	

MONEY MARKETS

London rates steady to firm

Interest rates remained steady to firm on the London money market yesterday, as the pound market yesterday, as the point gave a rather fragile perform-ance on the foreign exchanges and the fading prospect of a cut in the US discount rate set back earlier hopes of lower UK bank base rates. Three-month interbase rates. Three-month inter-bank closed unchanged at 112-112 per cent, and discount houses buying rates for three-month bank bills were 111 per cent compared with 11-112 per

cent.

The Bank of England forecast a money market shortage of £600m, and provided total help of £531m, mainly through outright purchases of bills.

Before lunch the authorities gave assistance of £166m, buying £3m Treasury bills in band 1 at 11 per cent; £23m bank bills in band 2 at 11 per cent; £212m pank bills in hand 3 at 11 per cent; and £19m bank bills in pand 4 at 11 per cent.

and 4 at 11's per cent
In the afternoon another
M45m bills were purchased outight; by way of £4m bank bills
n band 1 at 114 per cent: £153m
ank bills in band 2 at 11.4 per
ent: £6m Treasury bills in band at 111 per cent and £57m bank dis in band 3 at 114 per cent: nd fom Treasury bills in hand at 11 ner cent: £20m local uthority bills in band 4 at 11 ner cent. £20m local authority ills in band 4 at 11 ner cent. £20m local authority ills in band 4 at 11 ner cent.

In Frankfurt the German Bundesbank allocated a total of DM 16.6bn at yesteday's securi-ties repurchase agreement tender. This more than replaced the DM 9.1bn flowing out of the money market yesterday as two earlier agreements expired, and

was seen as a move by the NEW YORK RATES

MEM TONY DA	23
(Lunchtime) Prima rate	9 ³ 2
Broker loan rate	
Fed tunds	8%
fed funds at intervention	817 ²⁴
Treasury Bills & Bonds	
One month	6.54
Two month	7.24
Three month	7.48
Six month	7.70
One year	7.91
Two year	8.53
1900 year	8.74
Three year	9.10
Four year	9.20
Five year	9.58
Seven year	
10 year	2.69
30 year	9.94

MONEY RATES

Dec. 5	Ovr-nig't	Meath				In'v'ntion
and further and a	5,80 5.20 834	4,85 5.00 84 87s	4,80-4.95 8 ¹ 4-8 ⁷ 8	4.75 4.90 83, 878	4.75 4.90 8:6 8:6	5.5 8%
rich	g-lig	5 1 4 1 5 1 570	=	3 4 4 5 5 7 7.90625	579-6	Ξ.
Meritane meretan in	. 7,96875° 145, 15	15 15 %		14%-15 A. A.	95a-95a	=
blin	5.10	819 854 10 1014	10, 10,	10/2-10/2	10% 10%	-

ady and £96m bank bills in band 4 authorities to bring stability to the market after a period of higher rates. Bids of DM 12.6bn were accepted for a 35-day agreement, and DM 4bn for a 63-day
rate changed was lower than forecast. It had been feared that the authorities intended to push rates higher to bring down monetary growth. Call money eased to 5.10 per cent from 5.125 per cent ahead of the tender, and is now expected to fall back towards 4.50 per cent as market conditions become more

UK clearing banks base lending rate 11; per cent since July 30

LONDON INTERRANK FIXING

I COMPON MIENDAMA	LIVING	
(11,00 a.m. Dec. 3)	Six months U	J.S. dollars
Three months U.S. dollars bid 83/18 - offer 85/16	bid 83-16	offer 85/16
The fixing rates are the arithmetic seens, rounded to the nearest one-treenth, of the bid and offered rates or \$10m quoted by the market to	five reference banks working day. The b Westminster Bank, Deutsche Bank, Ba Paris and Morgan Gu	enks are Nation Bank of Tokyonk Nationale o

LONDON MONEY RATES

Dec. 3	Over night	7 days notice	Month	Three Months	Six Months	One Year
Interbank	112-13	113-117	114 114	11 ₇₅ 115g	1114-111g	11,6-11
LocalAuthorityDepos	113 ₆	1112	' 115g '	1112	11,8	11.
Local Author'y Bonds		· . 	12,6	1178	115g	115
Discount MKt Depos.			1112	114	- :	-
Соп рачу Веров	117g-12%	117.12		115	- :	_
Finance Hse Depos	-	_	, 115 ₈ ¯	11.5	11%	114
Treasury Bills (Buy)	i	· –	11.5	! 11% j		-4.
Bank Bills (Buy)		_	1156	1114	10길	— J
Fine Trade Bills (Buy)	- ;	_	12	115 ₄	11,,	
Dollar CDs		-			3.05-8.15	
SDR Linked Depos	- i	_	86.	B-BI4	7,-8,	8-811
ECU Depos	- !		. E66 834	8 . S . I	8 % Bt 1	6/: 8Hz

Treasury Bills (sell): one-month 11½ per cent; three-month 10½ per cent. Bank Bills (sell): one-month 11½ per cent; three-month 11½ per cent. Treasury Bills: Average tendor rate at discount 11,0153 per cent. ECGD Fixed Finance Scheme IV reference rate November 6 to December 3 (inclusive): 11 612 per cent. Local authority and Finance Houses seven days' notice others seven days' fixed. Finance Houses Base Rate 12 per cent from December 1, 1985 Bank Deposit Rates for sums at seven days' notice 6 25-6.625 per cent (int). Ceruficetes of Tax Deposits (Series 6): Deposits £100,000 and over held under one menth 11½ per cent one-three months 11½ per cent, three-six months 11½ per cent. six-nine months 11½ per cent. Inter-12 months 11½ per cent. Under £100,000 10½ per cent from November 29. Deposits held under Series 5 11½ next cent. Deposits withdrawn for cash 7½ per cent. posits withdrawn for cash 7½ per cant.

US TREASURY BONDS 8% \$100,000 32nds of 100% LONDON 20-YEAR 12", NOTIONAL GILT £50,000 32nds of 100% Dec 112-05 112-12 112-00 112-18 March 112-05 112-18 112-02 112-29 June 112-07 112-05 112-05 12-05 Est. Volume — (--) Previous day's open int. — (9.887) Basis quote (clean cash price of 13½.% Tressury 2004/08 less equivalent price of near futures contract —6 to +4 (32nds). CHICAGO US TREASURY BONDS (CBT) 8% \$100,000 32nds of 100% High 80-28 79-19 78-18 77-16 76-20 75-27 75-06 Dec March June Sept Dec March June Sept Dec March 10% NOTIONAL SHORT GILT £100,000 64ths of 100% Dec 97-18 97-20 97-14 97-25 March 97-35 97-35 97-35 97-36 97-97 97 THREE-MONTH STERLING £500,000 points of 100% US TREASURY BILLS (IMM) Sim points of 100% moves to balance the US budget deficit and an upward revision in September US leading economic indicators. Dollar denominated contracts opened lower, with March Treasury bonds at 79-22. This proved to be the high of the day, with the contract falling to a low of 78-06, before closing at 79-15 compared with 80-01 on Monday. The rise of 0.3 percent in October US leasing indicators was in line with expectations, but the September upward revision to 0.4 per cent, put downward pressure on prices. March delivery Eurodollars opened and closed at 91.83, against the previous settlement of 91.92. The contract touched a high of 91.84 and a low of 91.78, in depressed trading as the Federal funds rate remained above 8 per cent, and hopes faded of an early cut in the Federal Reserve's discount rate, after the dollar's recent decline LONDON SE E/S OPTIO £12,500 (cents per £1) Strike Calls price Dec 1.20 2.810 1.25 2.310 1.30 1.810 1.35 1.310 1. 1.40 795 1 1.45 295 1.50 45 Previous days open inter

PHILADELPHIA SE E/S OPTIONS £12.500 (cents per £1)

2 70 0.30

March 1.83 1.34 0.87 0.46 0.18 0.04

Cails—Li March 28.36 23.36 18.36 13.36 8.66 5.43 3.09

March June
1.83 1.70
1.34 1.24
0.87 0.83
0.46 0.49
0.18 0.24
0.04 0.10
0.01 0.03
int Calls: 2.955

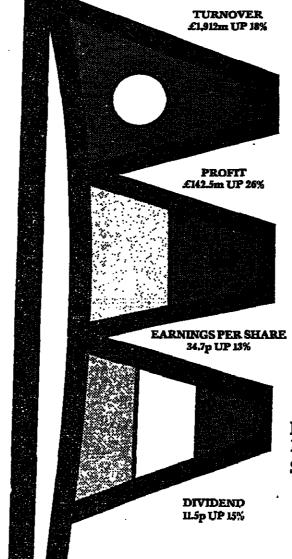
Previous day's open int; Calls: LIFFE—EURODOLLAR OPTIONS 51m points of 100%

LIFFE E/S OPTIONS £25,000 (cents per £1)

Granville & Co. Limited Member of The National Association of Security Dealers and investment Managers 8 Lovat Lane London EC3R 8BP Telephone 01-621 1212 Over-the-Counter Market F/E
Gross Yield

7.3 6.1 7.4 6.9
10.0 83 - 7.4 6.9
10.0 83 - 6.5
10.0 83 - 6.5
10.0 5.1 6.1
4.0 24 20.9 21.7
3.9 74 65 7.3
15.7 15.2 - 7.9
10.7 11.4 5.8 9.1
10.7 11.4 5.8 9.1
10.7 11.4 5.8 9.1
10.7 11.4 5.8 9.1
15.0 8.4 13.7 20.5
5.5 5.0 7.4 7.4
15.0 8.4 13.7 20.5
5.5 5.0 7.4 7.4
15.0 8.4 13.7 20.5
5.5 5.0 16.7 2.9 5.0
15.0 16.6 6.9
15.0 16.7 24.7 23.4
1.3 18.8 8.8
12.9 13.6 6.9 9.8
12.9 13.6 6.9 9.9
15.0 16.7 24.7 23.4
1.3 18.8 8.8
12.9 13.6 6.9 9.9
15.0 15.7 15.8 8.8
12.9 13.6 6.9 9.9
15.0 15.7 15.8 8.8
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15.0 16.7 16.8 8.8 i 71 John Howard and Co.
100 Linguaphone Ord.
100 Linguaphone Ord.
100 Minihouse Holding NV
11 Robert Jenkins
101 Services "A"
102 Scruttons "A"
103 Trevian Holdings
103 Trevian Holdings
105 W. S. Yeates
105 W. S. Yeates
106 Services of the
BASE LENDING RATES Bank of India 111% Bank of Scotland 111% Banque Belge Ltd. 111% Barclays Bank 111% Beneficial Trust Ltd. 121% Brit. Bank of Mid East 111% Brit. Bank of Mid East 111% Brown Shipley 111% Canada Permanent 111% Cayzer Ltd. 111% Consollidated Credits. 111% Consollidated Credits. 111% Continental Trust Ltd. 111% Continental Trust Ltd. 111% Cooperative Bank 111% Cooper

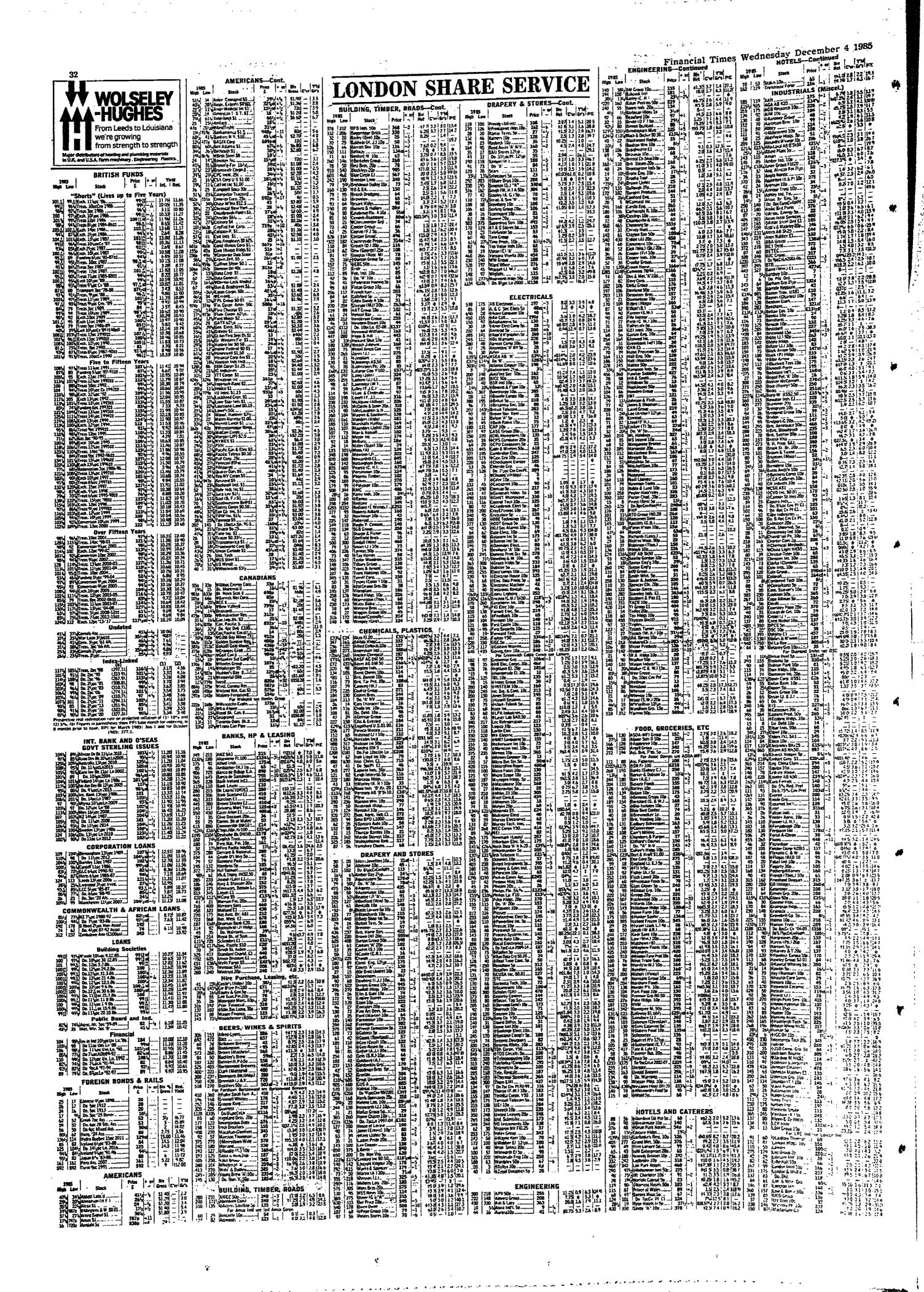
Once again, Trafalgar House raises the standard.



Trafalgar House is pleased to announce its preliminary results for the year to 30th September 1985. The figures are subject to final audit.

	1.m
Property and investment	56.4
Construction and engineering	41.3
Shipping, aviation and hotels	31.8
Oil and gas	<u>30.5</u>
Operating Profit	160.0
Interest	<u>17.5</u>
Net Profit before taxation	<u>142.5</u>
Profit after taxation and minority interests	<u>110.4</u>
Earnings per share Before extraordinary items After extraordinary items	34.7p 30.6p
Ordinary dividend	11.5p

The 1985 Report and Accounts will be posted to shareholders on 12th December 1985. Copies may be obtained from the Secretary, 1 Berkeley St., London WIA IBY.



Financial Times Wednesday December 4 1985 33 INDUSTRIALS—Continued LEISURE-Continued PROPERTY—Continued INVESTMENT TRUSTS-Cent. MINES-Continued FINANCE, LAND—Cont. 88 | 0.75c 21 57 C121 - 1 10195c 31 39 765 - 15 | 0.135c 20 43 2384 - 1 10105c 10 65 626 + 1 10360c 29 34 11 | 9055c - 16 477 - 10 24 5 15 7 3 37 | 63 5 29 Q350c 28 47 Q65c 26 48 -1₃ Q250 ⊕ 7.8 -2 Q10: 0 |48 Q8*+ 68 |47 108. 0 16 Q0 25c 0 /16 236 +6 Quod o 20 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 REGIONAL & IRISH STOCKS The following is a selection of Reynold and Inish stocks, the latter being quoted in Inish Currents. "Recent Issues" and "Rights" Page 34 (International Edition Page 34) This service is available to every Company dealt to on Stock Exchanges throughout the United Kingdom for a fee of £800 per amount for each security.

MARKET REPORT

GEC move for Plessey restores confidence after were persistently sold through-out the morning but closed a shade above the day's lowest early extension of recent slide

scenes of intense activity in the Electrical sector were generated midway through the afternoon by the GEC proposal to Plessey. Prior to the announcement, the overall equity market mood had been one of uncertainty with many leading stocks threatening to match the sharp losses of the previous session.

On news of the tentative offer of 160p per share, Plessey raced higher aimid heavy trading to close 38 up at 174p. GEC, which minutes earlier had reported dismal half-year profits, re-bounded from 164p to end a net 12 higher at 186p. Other leading industrials also benefited and the FT Ordinary share index regained an earlier fall of 13.6 to settle with a rise of 3.9 on the day at 1128.3. The strength of constituents Plessey and GEC added over 12 points to the index.

index.

Earlier, there had been a further attempt by jobbers to squeeze out fresh sellers after shake out. The further attempt by jobbers to squeeze out fresh sellers after Monday's shake out. The manoeuvre failed as investors began to take advantage of the cheaper prices, while underwriting of the large Cable and Wireless offer-for-sale was being effected. This was completed later but in the meantime the market came under renewed pressure on reports of further institutional fund-raising. The FT-SE 100 share index fell nearly 16 points rather quickly but it recovered just as fast after the GEC move to end only 2.9 lower on the session at 1415.6. A surprising rally in Far Eastern stocks, despite domestic market influences to the contrary, was a steadying factor. The Singapore market will -reopen for business tomotrow. Government securities were gradually affected by sterling's easier trend against the dollar. In the absence of any worthwhile offtake, prices drifted lower with the accent on longer maturities. Selected ultra-long issues gave

Option

*First Declara- Last Account Dealings Deay
Nov 11 Nov 21 Nov 22 Dec 2
Nov 25 Dec 5 Dec 6 Dec 16
Dec 9 Dec 19 Dec 20 Jan 6

*New-time "dealings may toke place from 9.30 am two business days optior.

Considerable excitement and scenes of intense activity in the scenes of intense activity in the last afternoon

Top and advanced to 195p.

Allied Lyons, still reflecting fears that the unwelcome bid policy of the scene of the second dears that the unwelcome bid scene of the second dears that the unwelcome bid second dears that

Allied Lyons, still reflecting fears that the unwelcome bid from Elders IXL could be referred to the Monopolles Commission, eased to 283p before closing a penny lower on balance at 286p. Distillers, meanwhile, gave up a couple of pence to 502p, after 500p, awaiting further developments following the board's strong rejection of the board's strong rejection of Argyll's offer; the latter closed 6 off at 342p, after 337p.

Argyll's oner, the latter of the at 342p, after 337p.

Leading Building issues sustained further modest falls.

Tarmae were duil and closed 8 down at 374p; the company has been mentioned as a possible bidder for English China Clays. Elsewhere, SGB gave up 8 at 258p following press comment advising acceptance of the BET bid for the company.

ICI were a relatively quiet market and, after easing to 708p, subsequently picked up to close 5 dearer on balance at 718p. Among other Chemicals, British Benzol continued to attract speculative buying on "shell operation" hopes and firmed 2 more to 44p.

to 44p.

BHS volatile

BHS volatile

BHS volatile

Rumours of an impending effected. This was completed later but in the meantime the market came under renewed pressure on reports of further institutional fund-raising.

The FT-SE 100 share index fell nearly 16 points rather quickly but it recovered just as fast after the CEC move to end only 2.9 lower on the session at 1415.6. A surprising rally in Far Eastern stocks, despite domestic market influences to the contrary, was a steadying factor. The Singapore market will reopen for business tomorrow.

Government securities were gradually affected by sterling: cottober sales statistics. Burton gradually affected by sterling: Queensay its to at 250p, sterling of the proposition of the

FINANCIAL TIMES STOCK INDICES

 _	3	200	29	28	27	26	ago
Government Secs	83,56	83.96	83.61	83.95	63.93	83,95	83.68
Fixed Interest	89.18	89.38	89.38	89.46	189.35	99,34	86.37
Ordinary ▼				1153.0	1138,9	1128.5	917.5
Gold Mines				288.9			556,7
Ord. Div, Yield	4,37	4,36	4.30				
Earnings, Yld. & full-	10.85	10.84		10.74			
PrE Ratio (net) (")		11.38		11.49	_		
Total bargains (Est.			26,160				
Equity turnover £m.			490.17				
Equity bargains	'		22,508				
Shares traded (ml)	~ .	220.7	240,4	287,2	280,7	300.4	478,5
	_		- <i></i>				

im 1121.0, 11 am 1125.2. Noon 1119.5. 1 am 1113.1. 2 pm 1114,1, 3 pm 1126.4, 4 pm 1128.1. Day's High 1128 9. Day's Low 1110.8.

Basis 100 Govt. Secs. 15/10/28. Fixed Int. 1928. Ordinary 1/7/35. Gold Mines 12/9/55. SE Activity 1974. Latest Index 01-246 8026.

HIGHS AND LOWS

S.E. ACTIVITY INDICES

	19	85	Since Co	Since Compilatin		2	29
	High	Low	High	Low	Daily Gilt Edged		
Govt Secs	84,57 (18/10)	78.02 (28,1)	127,4	49.18 (3:1/75)	Bargains		159.32
	90.38 (23,10)	B2 17	150.4	50,53 (8:1/75)	Value 6 dayAverage	965.4	990.8
Ordinary	1146.9 (25)11)	911.0 (25(7)	1146.9 (25:1):85:	26/8:40			151.3
Gold Mines:	536.9 ₁	217.6 (5/11)	734.7 (15/2/88)	43.6 (26:10:71)	Barneins	175,2 1149,4	188.7 1207,0
:			ı	ı	•		'

profits well in excess of market expectations before easing back to close 4 cheaper on balance at 178p. Among Retailers, ASDAMFI reacted to 148p prior to closing 2 down at 152p, while Dec Corporation lost 10 to 275p ahead of tomorrow's interim results. Elsewhere, Jack Israel gained 14 to 28p in reply to the good halfto 28p in reply to the good half-year figures, but recently-firm Hazlewood came back 33 to 815p.

Boots active

Most leading miscellaneous issues finished the day with little alteration, but Boots were active and closed 7 lower at 251p after moving between extremes of 260p and 248p. Profit-taking after the preliminary figures left Trafalgar House 9 cheaper at 386p. Dalgety reflecting Far Eastern uncertainties fell 14 to 457p. but Jardine Matheson rallied 7 to 114p and Swire Pacific improved a similar amount to 249p. British Aerospace, down to 460p at one stage picked up to close only 3 off on balance at 468p following news of the £38m order for three 65seat advanced turbo-prop aircraft. Fisons were favoured and put on 11 to 448p, while interest revived in Achiev Industrial Trust which Fisons were favoured and put on . 11 to 445p, while interest revived in Ashley Industrial Trust which gained 4 to 74p. Reflecting the increased interim dividend and profits, R. W. Toothill advanced 10 to 230p, while comment on the half-year figures left Dominion

International up 5 more at 114p. English China Clays, down to 286p initially, revived on Tarmac takeover hopes to close 5 firmer on balance at 294p.

Campari attracted support on campan attracted support on suggestions of a bid from Hawley Group and gained 4 to 29p, but profit-taking left recently-firm Aspirall Holdings 5 off at 175p. Among Paper / Printings, Holmes Marchant jumped 20 to 385p in anticipation of today's oreliminary results. preliminary results.

Leading Property shares continued to drift lower in thin trading. Elsewhere, recently-firm Regalian encountered profit-Land Investors put on 5 to 56p as takeover rumours revived. Renewed speculative buying lifted Southend Stadium 4 to 92p. Leeds Group fell 8 to 1889 on profit-laking in the wake of the annual results and proposed 20 per cent scrip-issue. Elsewhere in Textiles, Atkins Bros. improved a few pence to 140p, after 122n in reply to extisfactory

142p, in reply to satisfactory trading news.

Alva featured Investment Trusts with a rise of 15 to 210p on the announcement that Throgmorton Trust had acquired a 20 per cent stake in the com-pany from Temple Bar.

firmer, helped by a rally in spot prices, but subsequently came under renewed pressure on further consideration of the recent series of warnings on possible sharp falls in crude prices in coming months. BP opened at around 562p and fell to 552p, in mid-morning before rallying to 558p in the early afternoon. However, news of developments at the company's Sohio subsidiary in the US which will result in BP making substantial charges in the fourth-quarter left BP a net 5 lower at 555p. Shell gave up a like amount to 645p, and Britoil settled a shade easier at 223p, after 220p. Takeover speculation took Burmah up to 200p but subsequent selling lowered the price to a closing level of 292p for a net decline of 4.

Business in South African

remained at a relatively low ebb.
Recently weak Gold shares
opened a shade firmer, helped by
bullion's steadier performance in
the US overnight which was
accompanied by a useful rally in
share prices in New York. Thereafter, quotations tended to ease
on minor profit-taking.
The Gold Mines index showed
a 2.1 decline to 270.6.

The Gold Mines index showed a 2.1 decline to 270.6.
Losses among the leading heavyweights were usually restricted to around 1, as in Buffels, fi61, and President Brand, £111, while the cheaper priced issues showed minor changes in either direction. South African Financials suffered from general lack of interest and drifted lower across the board. De Beers dipped 5 to 308p, Amosal gave up 1 to £381, Gold Fields of South Africa 25 to 770p and "Johnnies" £3 to £54.

London-domiciled Financials

Leading oils opened a shade firmer, helped by a raily in spot prices, but subsequently came

Business in South African sector of mining markets remained at a relatively low ebb.

477p.
Platinums also lost ground with losses of 10 common to Impala and Rustenburg at 560p

NEW HIGHS AND LOWS FOR 1985

NEW RIGHS (29)

First Leisurg Leisukz (1)
First Leisurg MOTORS (1)
From (C.1 Car PAPER (2)
Goodhead Print Walmoughs
PROPERTY (2)
Descora TRUSTS (2)
Meidrum Ins. Segate & Pscus Cap.
Tozer Kemsley

Corah TRUSTS (7)

Bailie Gimord Tech. Aust. Merch.

GRC Capita) F. & C. Enterprise
Descrit Asserts Tech.

Bridge Oil LASMO
Claremont Petrol. No. No. So. & Genl. Inv.
Claremont Petrol. Towaro 4 hpc Cm.
Floyd Oil Treentrol 11pc Cm.
Goal Petrol-LANTATTEM S9.2005
Anglo-East Plants. Kugla Kepong
Harrisons My Pints.
Harrisons My Pints.
Asia Oil & Mins.
Sihn. Gr-dheirs
Sihn. Gr-dheirs
Western Minning
RTZ

Deal- Declara- Settle ings ings tion ment Nov 18 Nov 29 Feb 20 Mar 3 Dec 2 Dec 13 Mar 6 Mar 17 Dec 16 Jan 3 Mar 26 Apr 7 For rate indications see end of Unit Trust Service

levels following the appearance of "cheap" buyers. Consolidated Gold Fields fell away to 475p before closing a net 10 down at 477n

and 510p respectively.

Demand for Traded Options increased significantly with 22,827 deals done, comprising 15,943 calls and 6.884 puts.

Exchar. 2:00 1985
Exchar. 2:00 1985
Exchar. 2:00 1985
LCC 5:00 186-00 LOANS (1)
Union Carbid
MERICANS (1)

Kent (John) Time Products Stiring Group Froducts Victor Products

BRITISM FUNDS (1)
Exchor: 10-pc (cm.
1989 £40 paid!
Abbot Energy
BANKS (2)
Gerrard & Natl.
Stoff, Bus. Leasing
British (Wm.;
STORES (1)

OPTIONS

interest and drifted lower across
the board. De Beers dipped 5
to 308p. Amcoal gave up a to 1381, Gold Fields of South Africa 25 to 770p and "Johnnies" Gas, Pavion, Crystalate, Sangers Photograhics, Bulgin "A." Barker and Dobson, Bestwood, Dominion International, Coloroll, John Brown and Edmonds Hold-John Brown and Edmonds Hold-

The state of the s

Ginna&Eastn.inv 20.50 66

Do. Warrants

Cont'. Assets Tat. 175p 68

Control of the con 110 F.P. 18.12 134 124

\$1.71p F.P. 69 66

F.P. 511 122 98

100 50 612 549 52

100 50 612 549 52

128 F.P. 811 96

128 F.P. 811 96

128 F.P. 811 14 110

100 50 26/2 49/8 49

172 F.P. 20/12 109 102

120 F.P. 1811 114 110

100 50 26/2 49/8 49

172 F.P. 20/12 105 102

175 F.P. 20/12 105 100

160 F.P. 185 170

114 F.P. 20/12 168 165

125 F.P. 181 172 67

100 F.P. 22/11 72 67

100 F.P. 22/11 102 173

177 F.P. 101 105 101

177 F.P. 20/12 168 165

175 F.P. 22/11 105 101

177 F.P. 20/12 168 165

178 F.P. 22/11 105 101

179 F.P. 22/11 100 97

110 F.P. 22/11 100 97

1118 F.P. 20/12 128 119

FIVEN INTEREST STOCKS

RECENT ISSUES

EQUITIES

190 F.P. — 103 128 F.P. 20/12 175

FIA							_
issue price	Amount paid up	Latest Remuno. date	198	Low	Stock	Closing price C	+ 0
\$96,456 \$100 \$98,324 \$100 \$100	100 F.P. 110 110 125 F.P. 125 125 F.P.	17/1 8/1 80/1 25/1 3/12 30/1 30/1 30/1 30/1 30/1 31/1 10/1 21/2 126/2 126/2 130/4 30/4	3279 2959 100m 11849 11849 1184 1194 1194 1105 1105 274 1182 2554 2559 1006 2559 1006 2559 1006 2559 1006 2559 1006 2559 1006	29% 27% 127% 107% 107% 100% 100% 100% 100% 100% 10	Australia 912 Ln. 2012 Bank of Greece 1013 Ln. 2010 Biomechanica 82 Cnv. Una. Ln. 1991. Bristol Water 11.25 Red Deb. 2016.93. Bristol Est. 1042 1st. Mort. Deb. 2025. Brixton Est. 1042 1st. Mort. Deb. 2025. Claster Water. 81. Red. Pref. 1992. Chester Water. 82 Red. Pref. 1992. Cont. Microwave 52 Cnv. Red. Pt. 2025. Est. & Gen. inv. 1142 1st Mort. Deb. 2018. East Anglian Water 11.52 Red. Deb. 1935.97. Classer Water 11.52 Red. Deb. 1935.97.	5-pm 1014 994 107 1134 6-pm 1034 104 27 162 2512 2513 1004 2513 2513 1004 2513	- Iq

RIGHTS OFFERS

Issue		Latest Renunc.		1985 Stock		Olosing price
price	ξĕ	date	High	Low		
912 280 145 270 130 94 106 30 365 212 60 32 240 240 187	NA NII F.P. NII NII F.P. NII NA	20/1 2/1 9/1 8/1 24·1 10/1 10/1 8/2 28/12 10/1	16pm 84pm 25pm 54 50pm 16pm 135 2pm 80pm 4pm 4pm 4pm 190pm 45pm 36pm	75pn 23pn 40 40pn 27pn 13pn 13pn 73pn 12pm 12pm 12pm 13pn 13pn	Sarker & Dobson 1p Sestwood 15p Sestwood 15p Sodycote Int'l. Comm. Bk, Wales. Countryside Props Grown House. Fisher (Albert: 5p. Lucas Inds. £1. Lucas Inds. £1. Lucas Inds. £1. Readicut 5p Regalian Props. Samuelson Grp. 20p	1 4pm 75pm -! 23pm -! 44pm -: 35pm -! 14pm ! 2pm ! 35pm ! 3pm ! 12pm -! 24pm -!

Renunciation data usually last day for dealing Iree of stamp duty. b Figures based on prespectus estimates. g Assumed dividend and yield. H Dividend and Yield based on prospectus or other official estimates for 1886. u forcesst otherwise indicated. I Issued by tender. § Offered holders of ordinary shares as a "rights." * Issued by way of captalisation. § Placing pares. §§ Reintroduced. It Issued in connection with reorganisation merger or takeover. B Allotment price. §§ Dealt in under Rule 535 (3). © Dealt in under Rule 535 (4) (a). † Units comprising 5 ordinary shares and 1 warrant.

YESTERDAY	" S		, MONDA			
ACTIVE STO		j	ACTIVE	STO	CKS	•
Above average activity the following stocks	was n	oted in	Stock Str. Hame Str	No of changes	Mon. close 412	Chan -20
Stock BAT Inds	pnce 278 251 422	- 7 + 10	Unitoch Utd Biscuits Beecham	. 19 . 19 . 17	240 273 321	÷ 3
Ferranti GEC GKN Imperial Group	186 254 234	+12 +12 - 2 - 6	Pearson Thorn EMI	. 17	613 410 417	- 22 - 10 - 12
Piessey Racaj Elects RHM	174 162 178 386	+38 +16 - 4 - 9	Brit Aero	. 16	471 505 170	~10 - 5 - 15
Trafalger House Utd Biscuits Sesed on bargains rec	256	-17	Polly-Peck . Allied-Lyons .		287	- 13

OVER-TH

FT-ACTUARIES SHARE INDICES These Indices are the joint compilation of the Financial Times,

	EQUITY GROUPS & SUB-SECTIONS		Tues Dec 3 1985							Ther Mor 28	Year ago (approx.)
•	Figures In parentheses show number of stocks per section	Index No.	Day's Change %	Est. Earnings Yield% (Max.)	Gross Div. Yield% (ACT at 30%)	Est. P/E Ratio (Net)	ni adj. 1985 to date	Index No.	Index No.	Index No.	Index No.
~	CAPITAL 6000S (228)	580.61	+2.3	9.94	3.95	12.63	24.74			577.22	
2	Suikling Materials (23)	635.50		10.49	4,27	11.96	15.38	642.30		650.65	
3	Contracting, Construction (28)	944.12		10.34	4.50	12.46		951.85		955.10	
4		1584.74		9.43	4.78	13.56				1585.61	
5	Electronics (39)	2474.40		10.29	3.07	12.85 11.52	31,57	1371.39		1380.82 330.89	
6	Mechanical Engineering (61)	327.32		10.54	444	13.32	9.34	329.51 241.45	247.47		
8	Metals and Metal Forming (7)	240.54		9.16 12.15	6.79 4.43	9.93	7.73 5.75		281.91		
9	Motors (17)	197.98		7.38	3.55	16.26	24.10	1029.54	1034.02		
10	Other Industrial Materials (20)	1015.77 772.13		8.46	3.54	14.80	17.57	779.67	790.71	783.60	583.87
21	CONSUMER GROUP (176)	794.37		9,18	3.78	13.B2	15.85	798.48	814.89		
22	Food Manufacturing (22)	572.12		10.45	431	12.34	16.75	584.45	590.26		
25	Food Retailing (14)	1807.59		5.82	2.42	23.38	23.60			1810.76	
26 27	Health and Household Products (9)	1201.67		637	2.73	18.42	23.86	1201.21	1219.30	1205.45	998.52
29	Leisure (24)	770.53	+0.2	7.28	4.32	17.52	23.67	769.05	777.24	774.03	664.09
32	Newspapers, Publishing (11)	1880.36		7.19	5.29	17.58	58.54	1893.74	1893.58	1894.17	1397.72
32 33	Packaging and Paper (13)	373.11	-0.8	9.63	417	12.46	10,02	376.14	379.63	380.46	269.02
34	Stores (41)	796.35	-14	6.69	2.75	20.19	14.90	807.68	824.35	815.74	511.49
35	Textiles (16)	390.29	-0.7	11.38	4.40	9.97	30.96	393.10	397.AS	393.56	280.23
36	Tobaccas (3)	801.53	-0.9	16.45	5.60	6.94	30,77	808.64	822.77	795.06	805.83
41	OTHER GROUPS (98)	730.43	-0.1	8.83	3.95	14.65	15.99	731.28	739.69	737.24	
42	Chemicals (3.8)	728.53	+0.3	13.55	5.24	9.75	25,47	726.58		735.A7	
44	Office Equipment (4)	226.57	-0.4	7.03	3.87	16.97	6.20	227.44	229.38	228.27	144.56
45	Shipping and Transport (10)	1351.78	-0.8	7.34	4.06	16.65				1364.82	927.71
46	Miscellaneous (64)	900.91	-0.7	7.18	3.64	17.13	17.44	907.70	908.28	906.76	738.A5
48	Telephone Networks (2)	926.01	+0.3	8.15	3.57	16.30	14,38	923.53	941.65	936.45	651.33
49	INDUSTRIAL GROUP (482)	718.95	-0.2	8.91	3.74	14.17		720.40	729.41		579.53
51	Oils (18)	1122.75	-0.7	16.76	7.80	7.32	60.66	1130.94		1145.18	
59	500 SHARE INDEX (500)	753.84	-0.3	9.83	4.21	12.78	20.19	755.82	765.73	761.17	621.72
61	FINANCIAL GROUP (116)	521.67	-0.8		4.66		16.39	525.80	530.43	527.65	429.72
62	Banks (6)	527.42	-0.6	17.45	5.65	8.19	26.18	530.63	539.35		435.31
65	Insurance (Life) (9)	821.74	-0.9	_	4.14		23,40	829.54	832.57		553.32
66	Insurance (Composite) (7)	400.94	-1.6	- 1	4.91	i i	13,79	407.40	410.57		312.11
67	Insurance (Brokers) (B)	1168.14	-0.3	7.24	3.70	18,47		117L62			958.33
68	Merchant Banks (11)	283.42	-0.2	_]	3.65	-	6,42	254.01	286.12		213.07
69	Property (51)	678.02	-0.5	5.70	3.63	23.51	15.45	681.78	684.65	685.96	636.81
70	Other Financial(24)	300.48	-0.7	10.15	5.67	12.13		302.53	305.36		257.74
n	Investment Trusts (106)	630.28	-0.9	– I	3,44		14.41	635.95	437.64		553.86
81	Mining Finance (3)	245.89	-1.9	13.61	6.32	8.55	10.48	250.78		253.79	282.67
91	Overseas Traders (14)	580.02	-0.6	13.49	7.06	8.81		583,49	599.92		598.75
99	ALL-SHARE INDEX (739)	685.29	-0.4	1	4.30	_	18.96	688.02	696.53	692.64	568.82
		Index	Day's	Day's	Day's	Dec	Nov	Nov	Nov	Nov	Year
	i l	No.	Change	High	Low	2	29	28	27	26	ago_

FIX	KED	INTE	RES7	•		AVERAGE GROSS REDEMPTION YIELDS Tues Dec Dec 2 pports (approx)					
PRICE INDICES	Tues Dec 3	Day's change %	Mon Dec 2	zd zdj. today	nd adj. 1985 to date	British Government 10.01 9.95 10.21 2 Coopers 15 years 10.21 10.12 10.13 2.70					
Pritish Government 1 5 years 2 5-15 years 3 Over 15 years	119.02 133.43 138.84	1	119.16 134.10 139.72	 - -	10.60 11.87 11.77	4 Medium 5 years 10.95 10.86 10.80 5 Coupons 15 years 10.95 10.86 10.51 25 years 10.15 10.97 9.95 7 High 5 years 11.42 14.92 10.85 8 Coupons 15 years 10.68 10.59 10.66					
4 rredeemables	150.93 130.96		151.48 131.47	<u>-</u>	13.57 11.54	9 25 years 10.33 10.26 10.05 10 irredcemables 7 9.72 9.68 9.64 11 Bebs & 5 years 11.35 11.33 11.49					
6 Debentures & Leans		-0.16	112.20	=	11.59	12 Loans 15 years 11.25 11.23 11.45 13 25 years 11.16 11.14 11.41					
7 Preference	7 Preference 82.25 - 82.25 - 6.41 14 Preference 11.52 11.52 12.70 BRITISH GOVERNMENT INDEX-LINKED STOCKS										
8 Ali stocks	109.94	-0.01	109.95	_	2.69	15 inflation rate 5% 3.70 3.70 3.31 16 10% 3.51 3.51 3.13					

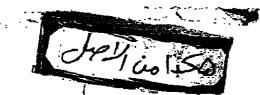
1415.6 -29 1419.8 1402.7 1418.5 1439.1 1429.3 1438.0 1431.9 1183.8

**PFlax yield. Highs and lows record, base dates, values and constituent changes are published in Saturday issues. A list of constituents is recliable from the Publishers, the Financial Times, Bracken House, Cannon Street, London, EC4P 4BY, price 15p, by post 28p.

MONTHLY AVERAGES OF STOCK INDICES November October September, August F.T.- Actuaries Industrial Group... 500 Share Financial Group.... November High November Low Ordinary All-Share FT-SE 100

E	UROP	EAN	OP'	TIOI	NS E	XCI	IAN	GE
	Series	Vol.	eb.	Vot.	May : Last	Vol.	Leet	
GOLD C GOLD C GOLD P GOLD P	\$320 \$340 \$300 \$320	11 3 50	4.50 2 6.60		: <u>-</u>	: <u>=</u>		8 323,30 "
SUPL CCCPPPSIPLES SPELL PPSIPLE PPSIPLE PPSIPLE PPPSIPLE PPPSIPLE PPPSIPLE SPELPPPSIPLE SPELPPSIPLE	\$600 F1.285 F1.295 F1.295 F1.305 F1.275 F1.280 F1.285 F1.290 F1.305 F1.305 F1.305 F1.325 F1.325 F1.325	166 294 55 - 105 306 182 137 22 81	1.10 1.10 1.30 1.30 1.30 1.30 1.30 1.30	Ma 120 85 662 49 106 112 114 6	9.80 7 5 8.40 2.40 11.80 19.50 23.50	3 4 -4 10 10 99	9.30 / 5.40 7.50 12 15 15 1 15 1 1 1 1 1 1 1 1 1 1 1 1 1	\$611 Fl.285, 10 A
ABN C ABN P AEGN P AEGN P AH C AH P AKZO C AKZO C	F1.540 F1.520! F1.115 F1.250; F1.72.50; F1.120, F1.120, F1.140!	545 391 210 148 342 236 412 1330	5,90 2,10 A 4,50 3,10 0,10 15,50 7,40 I 2,50	30 84 35 17 60 	17.50 13 4.10 6.50 5.40 18.50	2 22 13 - 54 -	15.50 6.20 6.20	, ,,
AKZO P AMRO C AMRO C GIST C GIST P HEIN C HOOG C KLM C KLM C NEDL C NEDL C NATN P	F1.130; F1.105; F1.250; F1.250; F1.250; F1.50; F1.50; F1.50; F1.50; F1.50; F1.80; F1.80; F1.80;	686 i 7 440 166 144 181 181 180 268 263 263 438 143 160 118	1.70 0.80 4.40 3.80 7.50 6	102 84 47 4 169 162 843 20 42	3.80 2.40 4.10 13.50 11.70 14.8 6.8 6.8 1.70 A 6.80 13.50 8.70 4.50 B	11 2 2 5		FI.98,20 FI.249,50 FI.277 FI.77,20 FI.52,80 FI.80,50
PETR C PHIL C PHIL C PHIL P RO C RD C RD C RD P RO P RO P ROBE C UNIL P	Fr.7500 Fl.50 Fl.55 Fl.65 Fl.180 Fl.190 Fl.190 Fl.190 Fl.77.50 Fl.80 Fl.380 Fl.380	763 415		735 373 448 302 337 151 727 160 10 63	7,40 3,90 2,80 8,80 4,60 2,50 5,80	216		Fr. 7020 Fr. 65.90 Fr. 179.50 Fr. 79.40 Fr. 387
TOTAL VO	LUME IN CA		775: 48, B.= Bid		Calt	P = Pui		

ings. STC put, but no reported.	were		in fo	r the	Utd Base	Biscu ed on	ıts	s recorded i	— 9 —17 n Stock	Allie	y-Peck :d-Lyon Inds	s	15 14 14	170 287 278	-15 -15 - 5
			==		ND		TD/	DED C	STI		<u> </u>				
		;	CALLS	LU		PUTS	4 R/	NDED (<i>) </i>	-	ALLS	_		PUTS	
Option	n	Jan.	Apr.	July	Jan.	Apr.	July	Optio	n ·	Feb.	May	Aug.	Feb.	May	Aug.
8.P. (*555)	500 550 600	68 26 6	77 35 16	53 25	3 16 48	14 32 67	40 70	P. & O. (*445)	360 390 420 460	95 67 45 20	75 52 23	- 62 32	1 2 7 27	3 14 33	 18 35
Cons. Gold (*482)	500 550 600	45 17 7 2	55 30 14 —	70 40 25	14 45 80	28 55 87	38 62 92 —	Racal (*162)	120 130 140 160 180	46 36 28 15	54 44 34 22 11	50 42 32	01 ₂ 2 5 14	2 5 9 18	7 12 22
Gourtaulds (*190)	140 160 180 200	53 33 15 642	57 57 22 12	60 41 251 ₂ 15	1 4 15	18 18	5 8 21	R.T.Z. (*514)	500 550 600	32 18 6	50 28 16	62 37	17 45 95	28 26 54 95	30 64
Com. Union (*228)	220 240 260	35 18 8 3	38 25 16 9	34 24 15	2 6 17 35	4 8 23 40	10 26 43	Vani Reefs (*S64)	60 70 80 90	10 51, 2	27' 8 13	14t ₂ 9	912 17 27	71e 121: 1912	954 15
Distillers (*505)	460 500 550	54 26 7	68 45 17	78 55 22	18 50	25 53	12 28 55	Ex 10% 198 ("£97)	96 98 100	1,1 040 0,5	<u> </u>	=	0:	Ξ	=
G.E.C. (*186)	140 160 180 200	52 36 24 11	60 42 30 15	50 56	112 2 7 18	3 6 10 20	8 14	Tr. 112% 1991 (*£102)	104 106	}	15 ₁ 03 ₄ 01 ₄	17g 07g 0,] =	0.4 1.5 514	0:. 179 314
Grand Met. (*376)	350 360 390	50 30 12	57 57 18	68 48 32	2 8 22	15 28	8 20 32	Tr. 11/2, 03/0 (*£110)	108 110 112 114	314 154 031	34 2 k 1 //	278 176 174	03e 07e 17e 35e	0 :: 1% 25;	159 2-5 3:6
I.G.I. (*711)	600 650 700 750 800	125 82 34 12	182 87 47 22	142 100 60 32	11 ₂ 10 25 52 92	20 40 62	27 50 72	Optio BTR	1350	Dec.	Mar.	June 42	Dec.	Mar.	June
Land Sec. (*303)	260 280 300	49 29 13	87 83		112 112		 	(*368) Beecham	375 390	8 4	20	37 62	10 25	18 35	36 42 8
Marks & Sp. (*180)	330 130 140	53 43	58 49	1 2	29 1 1	31 112 2	33	(*321) Bass	300 330 360	27 11 5	37 25 13	48 35	2 3 15 40	12 20 45	35
Shell Trans	160 180 200	24 10 3	30 16 71 ₂	35 18 13	2 10 24	5 13 26	6 15 28	(*657)	600 650 700	62 17 4	130 80 40 15	147 97 57 27	2 17 55	7 25 57	6 11 30 63
(*648) Traf'gar Hee (*587)	700 750 360	8 11 ₂ 26	16 8 42	27 1 50 1	55 105	65 113 7	10	De Beers (*\$4,60)	420 460 600 550	57 28 10 3	70 45 32 18	60 37	18 45	38 60	25 42 70
(*887)	390 420	15 4	25 13	35 19	16 39	18 40	22 42	GKN (*253)	240 260 280	18 5 1	34 17 9	84 24 13	15 32	6 18 34	10 21 37
Option		Feb.	May	Aug.	Feb.	May	Aug.	Glaxo (*1550)	1400 1450 1500	160 110	190	260 225	5	22 25	35 45
BAT Inds (*276)	260 280 300 330	32 22 21 5	42 25 17 9	\$5 25	6 14 25 53	8 18 30 58	25 35	Hanson (*209)	180 195	75 45 31 17	155 130	190 160 44	17 35	55 60 4 10	65 85 7
Barclays (*442)	360 390 420 460	90 60 40 16	95 70 50 27	62 67	2 4 12 30	3 8 20 42	25 47		200 215 220 235	7 2	25 15	31 20	11 28	21	13 24
Brit. Aero (*468)	360 390 420 460	120 90 65 40	128 98 70 60	85 60	1 5 15	11 ₂ 2 11 25	17 30	Jaguar (*306) Thorn EMI	280 300 330	52 32 16 3	58 39 23 10	69 51 38 19	1 6 27	2 6 16 31	1 9 21 36
BritTelecom (*201)	160 180	17 44 24 10	32 16	35	01g 11g 9	48 — 3	53 	(*427; Tesco	360 390 420	73 42 22	90 58 38	102 77 50	3 15	5 12 22	7· 17 32
imperial Gr.) (*235)	200 220 160 180	31 ₂ 83 63	85 66	22 12 —	21	10 22 1	13 24	(*268)	260 280 300	17	43 28 16	50 35 22	1 5 16	6 13 22	8 14 25
. 245,	200 220 240	45 28 17	49 35 23	54 40 28	11 18	21 ₂ 13 21	3 14 25	Option		Jan.	Feb.	Mar. D	sc. Jar	i. Feb.	Mar.
(*218)	940 960 980 300	13 10 5 2	25 18 13 8	30 22 17	30 48 63 83	40 52 67 85	42 55 68 —	fndex (1 (*1415) 1 1 1	.325 .350 79 .375 52 .400 33 .425 11	62 5 40 7 23	72 57 40	- - - 52 2	2 1 5 2	7 39	1 1 - 60
LONRHO (*186,	140 160 180 200	51 31 16 7	53 33 19 101 ₂	35 201 ₂ 111 ₂	1 1 7 20	1 lg 4 15 25	6 14 24)1	450) 12 475 4 5 Total	contra	52 20	42 463 - 63	5 7:	o 58 2 75	67
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WORLD STOCK MARKETS



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Damer 1,840 +7 Boa Kalls Westm 15,9 -0.4 Swiss Bank Swiss Bank 15,9 -0.4 Swiss Reimore 15,2 Swiss Reimore 15,2 Swiss Reimore 15,2 Swiss Volksbk Union Bank 15,2 Swiss Volksbk	Diawa House 2889 1 1 2 2 2 2 2 2 2 2	NEW YORK-DOW JONES Dec Dec Nov Nov Nov 1985 Stree Compiles	AUSTRALIA All Ord, (1)-80, Metala & Minis,(1-80) AUSTRIA Credit Aktien (2,1;82) BELGIUM Brussels SE :5-1;80) DENMARK Copenhagen SE :51:85; CAC General-31-12-83; Ind Tendance;28 12-84; BELGIUM Brussels SE :5-1;80) DENMARK Copenhagen SE :51:85; CAC General-31-12-83; Ind Tendance;28 12-84; BELGIUM Brussels SE :5-1;80) DENMARK Copenhagen SE :51:85; CAC General-31-12-83; Ind Tendance;28 12-84; BELGIUM Brussels SE :5-1;80) DENMARK Copenhagen SE :51:85; CAC General-31-12-83; Ind Tendance;28 12-84; BELGIUM Brussels SE :5-1;80) DENMARK Copenhagen SE :51:85; CAC General-31-12-83; Ind Tendance;28 12-84; BELGIUM Brussels SE :5-1;80) CAC General-31-12-83; Ind Tendance;28 12-84; BELGIUM Brussels SE :5-1;80) CAC General-31-12-83; Ind Tendance;28 12-84; BELGIUM Brussels SE :5-1;80) CAC General-31-12-85; Ind Tendance;28 12-84; BELGIUM Brussels SE :5-1;80) CAC General-31-12-85; IE9.8 141.1 142.2 143.8 144.2 25 11; 180.3 3.1; Ind Tendance;28 12-84; IE9.8 141.1 142.2 143.8 144.2 25 11; 180.3 3.1; Ind Tendance;28 12-84; IE9.8 141.1 142.2 143.8 144.2 25 11; 180.1 82,3 9.3 1; Ind Tendance;28 12-84; IE9.8 141.1 142.5 145.8 144.2 25 11; 180.1 82,3 9.3 1; Ind Tendance;28 12-84; IE9.8 141.1 142.5 145.8 144.2 25 11; 180.3 3.1; IND Taky Banca Comm Ital. (1872) A42.94 A44.11 A40.07 A44.71 A44.01 A4
OVER-THE-COUNTER Nasdaq natio	nal market, 2.30pm prices	N.Y.S.E ALL COMMAGN	Osio SE (4:1,65) 394.54 396.58 · 397,85 · 400.30 412,89 ·12 11: 282,16 :2 1) SINGAPORE Straits Times (1956) 101 · 101 · 101 685.45 852.65 · 7 5 · 635.43 ·28 11: SOUTH AFRICA JSE Gold (28 8.75) - 1158.9 1195.9 1178,8 1277,1/25 11: 829.5 · 5 8:
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PSIS 15e 886 10e 10e	TCA Gb .16 51 28 25% 25% + 3% Tardwa 10 33% 33% - 18 Tardwa 1230 189% 19 195% 1 34 2114 2114 2114 2114 2114 2114 2114	RISES Alva Inv Trust	has gone a long way toward making those short hops more the boarding areas at Eastern's shuttle terminals in New York, Boston and Washington you'll see racks that carry the FT. Pick up a free copy. Then settle back for a journey of discovery. To the far corners of the world of business, trade and finance. To markets, board rooms, conferencesand into the "corridors of power." Reading the FT may not make you a high flyer overnight, but it's a comfort to share the insights that only this newspaper can provide. If that isn't going first class, what is? ANCIAL TIMES Tause we live in financial times. I subscription call the Financial Times direct in to 6pm New York time: 212-752-4500
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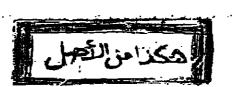
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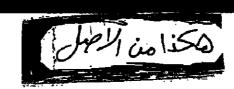
SWITZERLAND

ซีลที่ยังก็เลียงและก็ตั้งก็กรีเลียงตั้งยังสังเรียงตั้งยังก็เล็งสังเรียงคือ และก็สังเรียงที่สังเรียงก็ตั้งสังเรียงส

NEW YORK STOCK EXCHANGE COMPOSITE PRICES

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Chickul 24 2 3 65 50 50 67
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Chickul 27 2 10 37 2 210 337
Chickul 72 42 136 171
Chickul 72 12 130 201
Chickul 72 13 14 365 221
Chickul 72 2.3 5 149 89
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NYSE COMPOSITE PRICES

AMEX COMPOSITE PRICES

Prices at 3pm, December 3

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FINANCIAL TIMES WORLD STOCK MARKETS

WALL STREET

Hesitation lingers after losses

SOME modest buying of blue chips and technology issues that had been recent leaders helped Wall Street to edge ahead yesterday although in the broader mar-ket investors remained hesitant after Monday's losses, writes Michael Morgan in New York.

At 3pm the Dow Jones industrial average was down 0.34 at 1,457.57.

In the credit markets, prices of Treasury coupon issues continued to fall from the lower levels established during the previous session.

The announcement of a 0.3 per cent gain in October's index of leading indicators was at the bottom end of expecta-tions but was still another indication of an expanding economy. The market was also guarded as a result of the continued Congressional stalemate on the passage of the Gramm-Rudman budget reform programme and the conviction that there was little likelihood of any imminent cut in the 7½ per cent discount rate.

Federal funds opened firm at 8% per cent and traded as high as 9 per cent be-fore the Fed stepped in with the addition of temporary reserves through a two-

STOCK MARKET INDICES

1,457.57*

689.26*

1,415.6

484.1

166.92

223.88

2128

535.2

243.6

COMMODITIES

GOLD (per ounce)

2,949,14 2,962,96

685.29

500

400

300

NEW YORK

LONDON

FT Ord

FT-A 500

Tokyo SE

AUSTRALIA All Ord.

AUSTRIA

Metals & Mins

Credit Aktier BELGIUN

Belgian SE

Composite

Montrea

DENMARK

FRANCE

CAC Gen

Ind. Tendance

WEST GERMAN'

Commerchank

FAZ-Aktien

HONG KON

ITALY

Hang Seng

Banca Comm

NETHERLANDS

ANP-CBS Ind

NORWAY

SPAIN

SWEDEN

J&P

WORLD

(London)

London

Zürich

Paris (fixing)

Luxembourg

New York (Feb)

Madrid SE

SWITZERLAND

Capital Int'l

Silver (spot fixing)

Oil (spot Arabian Light)

Copper (cash)

Swiss Bank Ind

Oslo SE

SINGAPORE

Straits Times

SOUTH AFRICA

ANP-CBS Gen

Toronto Metals & Minis

CANADA

TOKYO

DJ industrials

DJ Transport

S&P Composite

FT-A All-share

FT Gold mines

KEY MARKET MONITORS

FT-Actuaries All-Share Index

1,457.91 1,182.42

523.58

144.39

162.82

1,191.7

568.82

58.09

167.54

99.7

178.2

140.3

Lira

687.27 163.62

1,439.1 688.02

285.8

12,774,55 12,796,92 11,513,6

1,005.72 1,007.81 880.99

488.1

116.55

1.948.6* 1.910.63 1.882.00

2,845.8* 2,834.33 2,366.30

137.21

223.55

141.1

574,58 571.94 375.55

1.694.2 1.689.2 1.097.4

1,664.06 1,694.57 1,122.26

442.94 444.11 215.75

239,2

217.0

695.43

133.19 133.06 100.83

1,612.72 1,630.58 1,345.9

545.9

245.6

410.45p

£1,957,50 £1,942,50

£916.50

\$27.90

\$322.75

\$323.05

\$323,18

\$322.20

\$326.40 \$322.30

378.8

183.8

407.20p

£914.00

\$27.85

\$319.75

\$322.25

\$325.08

\$324.65

day system repurchase arrangement when the rate was 81%.

In the stock market, IBM picked up \$% to trade at \$138%, General Electric \$\% to \$64\% and General Motors \$\% to \$70%. AT&T was unchanged at \$23% while Digital Equipment rose \$1% to

In the oil sector, Standard Oil of Ohio was \$1% higher at \$52% after the company said it would take a \$1.15bn charge in the fourth quarter. Texaco remained an active feature. The stock fell \$\% to \$31\% as investors continued to assess a Texas judge's refusal to delay a hearing on Pennzoil's \$10.5bn jury award. Pennzoil put on \$1% to \$65%.

Exxon added \$¼ to \$52%, and Chevron put on \$1/4 to \$371/2. Atlantic Richfield traded unchanged at \$65%.

General Dynamics was \$1% lower at \$65% after a grand jury accused the company and some of its past and present officials of improperly charging cost overruns on an anti-aircraft gun proto-type. The Navy said it was reviewing the indictment to determine whether the Defence Department would bar the company from military contracts.

Among aerospace issues, McDonnell Douglas was \$\% higher at \$72\% after a subsidiary won a Star Wars contract to design a ballistic missile which would destroy incoming nuclear warheads. Boeing picked up \$% to \$49%. It is to acquire De Havilland of Canada, the commuter aircraft manufacturer, for

Among corporate reports, Deere, the farm equipment manufacturer, fell \$1/2 to \$28 as it announced lower fourth-quarter

CURRENCIES

2.521

204.05

2.1035

2.831

INTEREST RATES

U.S BONDS

8.516

9.698

9.947

Day's change

-0.11

-0.08

-0.15

-0.22

Yield 10.00

7.95

103% 11.95 103% 11.95

80-19 80-31 80-14 80-27

92.91 92.93 92.85 92.90

92.11 92.13 92.07 92.13

91.83 91.85 91,79 91.91

112-05 112-12 112-00 112-18

10.48

Dec 3

98242

Return Index

133.54

131.28

132.97

141.57

Price 1011/4

87%

FINANCIAL FUTURES

Latest High

U.S. DOLLAR

2 5335

204.8

2112

1.725.5

3-month U.S.\$

6-month U.S.\$ U.S. Fed Funds

Treasury

1992 1995

Treasury Index

Source: Merrill Lynch

8%

9%

9%

(years)

1-30

1-10

15-30

AT & T

Abbot Lab

CHICAGO

8% 32nds of 100%

\$1m points of 100%

\$1m points of 100%

20-year Notional Giff

£50,000 32nds of 100%

Dec

Dec

LONDON

11.80 Feb 2013

12% Dec 2012

10% June 1990

8% May 2000

Diamond Shamrock

Federated Dept Store:

U.S. Treesury Bonds (CBT)

U.S. Treasury BEE; (IMM)

(3-month offered rate)

STERLING

1.4875

3.75 303,5

3.13 4.21

8% 8% 7.80

Price Yield

1001/2 8.482

101% 9.517

983%2 9.668

991%: 9.927

9.25

8.98

8.49

9.20

Price 101%

841/2

10.21

Day's

+0.02

+0.03

+0.01

+0.04

+0.02

Yield 10.00

7.95

102 10.25

Dec 3 Previous

1.4795

3.7475

303.0

11.43

3,125

4.2175

1,714.5 2,552.7\$ 2,550.0

2.0609

7.95*

7.22

76.1

Schering-Plough, the drugs and consumer products group, was \$1% lower at \$59% despite its forecast of higher earnings for this year and 1986.

Dow Chemical was unchanged at \$38%. It announced price rises for some polyethylene resins.

The American Depositary Receipts of Plessey of the UK were up \$3% at \$25% after General Electric of Britain proposed a possible acquisition of the telecommunications group.

In the high-technology sector, Control Data was steady at \$18% as it announced a multimillion dollar order to supply computer tape memory units. Amdahl put on \$\% to \$12\% after its announcement of additions to its storage prod-

In the credit markets, the price of the key long bond, the 9% per cent of 2015, fell a further 152 to 99%2. The 9% per cent 10-year note was 1/2 lower at 9821/2.

The yield on the three-month Treasury bill added 2 basis points from Monday's auction level to 7.23 per cent. The six-month bill, yielding 7.31 per cent, was 1 basis point lower. Rates on certificates of deposit were higher.

TOKYO

Drained by year-end settlements

INSTITUTIONAL investors and corporations kept a low profile, and share prices continued to edge down in Tokyo yesterday, writes Shigeo Nishiwaki of Jiji Press.

The Nikkei average shed 22,37 to 12,774.55. Turnover remained weak with 283m shares traded, although up from Monday's 212m. Declines outnumbered advances by 460 to 357, with 125 issues unchanged.

Trading was lacklustre as many financial institutions suffered a shortage of surplus funds due to increasing fund de-

The stock exchanges in Singapore and Malaysia are expected to resume trading tomorrow.

mand for year-end settlement of accounts and a rapid shift of funds to short-term financial instruments.

Some speculators busily bought and sold small-capital stocks for quick profits, with general investors dispirited by

an overnight plunge on Wall Street.
Shin-Etsu Chemical topped the active stock list with 7.98m shares changing hands and climbed Y41 to Y893. It has declined substantially after hitting an all-time high of Y1,550 in May last year on investor interest in high-tech issues. Kaluei Construction, the second bus-

on rumours about the cornering of its shares by speculators. Small-capital cash-trade stocks also shot up, with Aichi Tokei Denki gaining

iest with 7m shares, surged Y21 to Y345

Y22 to Y497, Dainichiseika Color and Chemicals Y29 to Y634 and Maruzen Y19 Conversely, Oki Electric Industry weakened Y20 to Y720 on profit-taking

after surging for about two weeks on rumours that it might form a capital tie-up Citizen Watch lost Y11 to Y495 after following an uptrend on investor inter-

est in its manufacture and sales of integrated circuit cards. Large capitals remained out of favour.

Mitsubishi Heavy Industries eased Y4 to Y368 and Tokyo Gas Y3 to Y278.

Blue-chip stocks also dulled, Sony slumping Y10 to Y3,820, TDK Y50 to Y4,050 and Canon Y30 to Y1,080. Budget-affected and biotechnology-related stocks were also weak.

The bond market saw the yield on the barometer 6.8 per cent government bond due in December 1994 soar from 6.135 per cent to 6.190 per cent.

Market sources believe it is only natural for the bellwether bond to drop as it has followed an uptrend since November 14 when it stood at 7.080 per cent. Some city banks made buy orders in relatively large lots.

SOUTH AFRICA

GOLDS firmed throughout the day in Johannesburg to close higher, but some finished off their highs of the day as the price of bullion weakened.

The Free State gold mine President Brand was up R2 at R57 after opening steady at R55. Driefontein added 25 cents to R50, and Buffels gained R2.25 to

Industrials ended mixed, with Barlow Rand 15 cents lower at R13.60, and banking share Nedbank lost 30 cents to R9.10 while Barclays remained steady at R18. Among mining financials, Anglo

American gained R1.25 to R39 while diamond share De Beers faded 10 cents to

CANADA

AFTER Monday's 23-point drop in the composite index, Toronto began to turn round yesterday, and most stocks moved ahead. Most activity was seen among mining

issues, with Teck Class B C\$% higher at

Among banks, Royal Bank of Canada remained unchanged at C\$34% after reporting an 8 per cent increase in profits for 1985.

Industrials and banks were lower in Montreal while utilities showed some

EUROPE

Bulls swept aside by profit-takers

VIGOROUS profit-taking swept aside any semblance of bullish sentiment on the European bourses yesterday, with most centres retreating briskly.

Frankfurt was the exception, but only just. The Commerzbank index rebounded 5.0 to 1,694.2 in a largely technical recovery from the previous session's dramatic 38-point fall in the index. The 3-pfg gain for the dollar against the D-Mark offered some reassurance to export-sensitive stocks - mainly car issues.

Daimler, drained by an exhausting series of sharp reverses, started to dis-play a recovery with a DM 17 rise to DM 1,142 while BMW sparkled with a proportionally more impressive DM 15 rise to DM 556. VW, stunned by Monday's unusally hefty DM 12.60 fall, recouped a modest DM 4.80 to finish at DM 394.

Corporate news provided a few features. Brown Boveri returned to trade after its Swiss parent announced details of a share buyback plan, boosting its holding in the German subsidiary to 75 per cent. BBC gained DM 2 to DM 300 compared with the parent offer of DM

BHF was spotlighted in an active banking sector as reports circulated that Union Bank of Switzerland was poised to make a bid for the West German bank. BHF jumped DM 12.80 to a new high for the year of DM 461. UBS stated that no decision had yet been taken on its entry into the West German market.

Deutsche Bank continued to lose ground with a further DM 2 loss to DM 667 although Commerzbank crept 50 pfg higher to DM 263. Schering stabilised somewhat at DM 623 after Monday's fall precipitated by the break-off of talks with Henkel over the purchase of two of the latter's US subsidiaries.

Bonds eased by as much as 20 basis points following declines on US credit markets and the dollar's recovery. The Bundesbank bought DM 25m worth of paper to balance the market after Monday's meagre 400,000 sales.

Elsewhere in Europe the scene was The peak set by Zurich in the previous

session was quickly surrendered as waves of foreign profit-takers swamped

solid domestic buying. The Swiss Bank industrial index fell 10.7 to 535.2.

UBS, linked with possible expansion plans in West Germany, shed SFr 80 to SFr 4,890 while Hoffmann-La Roche gave up half of Monday's rise with a SFr 75 setback to SFr 11.475.

The tumble in Amsterdam was attri-

buted to the previous day's steep fall on Wall Street although many issues displayed some signs of strength in late trading. Dutch internationals, particularly those with a large US exposure, benefited in the late rebound.

Royal Dutch added 70 cents to F1 179.50, and KLM managed a closing gain of 40 cents at FI 52.80 after both shares traded lower during most of the session. Unilever was Fl 3 cheaper at Fl 387 following Monday's suggestions that it was prepared to bid for UK pharmaceutical group Beechams.

Insurers were weak despite Aegon's higher nine-month profits. It ended Fl 3 cheaper at Fl 109.50, and banks contin-



ued to lose their recently acquired lustre. ABN lost FI 5.50 to FI 530 and Amro Fl 2.30 to Fl 96.20.

Stockholm reeled under the onslaught of full-bodied profit-taking that left the Jacobson & Ponsbach index 27,86 lower at 1,612.72, largely due to the overnight Wall Street showing.

Ericsson was the most active and lost SKr 3 to SKr 217 while Electrolux, also active, held steady at SKr 179. Pharmaceutical glamour stock Fer-

menta retreated from Monday's record level to finish SKr 2 cheaper at SKr 152.
Astra, unquoted on Monday, fell SKr 10 from Friday's close to SKr 500, and Pharmacia dipped SKr 5 to SKr 190. Volvo dropped SKr 10 to SKr 294, and SKF weakened SKr 4 to SKr 259. Skandia was one of the few to move against the trend with a SKr 5 jump to SKr 295.

Milan, Paris and Brussels turned low-er after the rampages of profit-takers while Madrid made modest progress in

LONDON

Confidence sparked by electricals

EXCITEMENT in electricals stirred London yesterday and dispelled the mood of uncertainty which looked set to leave stocks with sharp losses similar to the previous session.

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The FT Ordinary share index regained an earlier fall of 13.6 to settle up 3.9 at 1,128.3.

GEC's tentative offer of 180p a share for Plessey left GEC, which minutes earlier had reported dismal half-year profits, 12p higher at 186p. Plessey added 38p to 174p.

A surprising rally in Far Eastern stocks, despite domestic market influences to the contrary, was a steadying

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HONG KONG

HEAVY SELLING by overseas investors, afraid that Singapore and Malaysia's problems might spread to Hong Kong, kept prices lower, and the Hang-Seng index closed down 30.51 to 1,684.06. Renewed speculation that Jardine Matheson would sell its stake in Hongkong Land injected some late morning support into the market. Jardine put on

10 cents to HK\$13.10 while Hongkong Land slipped 5 cents to HK\$6.35. Elsewhere, falls were steeper, with Cheung Kong off 60 cents at HK\$19.50, Hang Seng Bank HK\$1.25 at HK\$45.00, Hutchison 50 cents at HK\$25.50 and Sun Hung Kai Properties 20 cents at HK\$12.20.

AUSTRALIA

A WEAKER trend continued in Sydney following lower overseas markets and a lack of confidence in golds.

The All Ordinaries dropped 1.4 to 986.8. Turnover was boosted by the pur-chase of about 10m BHP shares by Bell Group chief Mr Robert Holmes à Court in an options-related deal. After 14m shares were traded, BHP ended up 16 cents at AS8.42.

Among other market leaders, CSR fell 2 cents to A\$3.48, MIM 3 cents to A\$2.42, CRA 4 cents to AS5.32 and Western Mining 10 cents to A\$3.12.



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